Today's Special Report

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U.S. Deal With Russia To Salvage Uranium Is Quickly Unraveling

New York Times Service

NEW YORK — Three years after Russia agreed to provide the United States with uranium from scrapped Russian nuclear weapons, the deal is unraveling prompting a quiet struggle to save the accord, federal and private experts say.

Russia was to get \$12 billion in desperately needed hard currency, and the United States was to get 500 metric tons of bomb-grade uranium, which was to be

bomb-grade uranium, which was to be diluted to make fuel for American noclear power plants and ultimately electricity for

In addition to bolstering national security for the United States, the agreement was expected to strengthen the shaky Russian economy, reduce the risks of nuclear accidents and theft and, less explicitly, help disarm a former foe. Further, it was not expected to cost taxpayers anything, since revenues from the sale of reactor fuel were to offset the total \$12 billion cost.

old deal have been stymied by administrative missteps, disagreements over pricing for the uranium and even trade disputes, the experts say. On Tuesday, the Senate Energy Committee is to hold a hearing on aspects of the deal, which the Russians are privately threatening to drop.

The unraveling of the deal is on the agenda for Vice President Al Gore and Prime Minister Victor S. Chernomyrdin of Russia, who are to meet late this month in Moscow. The administration wants to re-solve the problems, if only to give Russia a source of nuclear revenues other than Iran and rogue states interested in acquiring atomic weapoury.

Republicans have strongly criticized the Clinton administration for not pressing Russia harder to drop plans to sell Iran nuclear reactors, which could serve as the basis for an atomic-bomb program.

The innovative agreement was an-See FUEL, Page 6

Chernobyl: Another Disaster Just Waiting to Happen?

By James Rupert Washington Post Service

CHERNOBYL, Ukraine — Standing in a parking lot of the Chemobyl nuclear power plant last month, Pavel Pokutny gazed at the gray, 20-story concrete tomb that protects the outside world from the radioactive corpse of a destroyed nuclear

"It looks pretty decent," said Mr. Pokutuy, a deputy director of the Ukrainian agency that maintains the tomb. "We just painted it three months ago. Of course, it has about 300 square yards of cracks and holes in it - and the paint can't seal

Nine years after Chemobyr's Reactor, No. 4 exploded, arradiating most of Enrope and points as distant as California, the tomb encasing it is deteriorating faster than expected, and radiation is seeping into the air and water.

could collapse in a severe earthquake, releasing radioactive dust. And they remain concerned about inadequate safety at Chernobyl's remaining two working reac-

In Nova Scotia this week, President Bil Clinton and leaders of the closest U.S. allies will discuss whether to provide extra help that Ukraine is seeking to close Cher-nobyl by 1999 and pursue a final cleanup. Last year, the United States offered this economically depressed nation \$38 million in grants as part of an \$800 million intertional package to help pay for the pro-

But as plans to clean up Chernobyl take shape this spring and summer, the aid offered so far could represent little more than a down payment. Preliminary studies, scientists and officials here suggest that Chernobyl will be the longest, most high-

See REACTOR, Pag



A BIRD? A BATMOBILE? — The U.S. Air Force's B-2 Stealth bomber being refueled over the North Sea on its

tech and expensive environmental cleanup the world has attempted. They say it will

By Nathaniel C. Nash New York Times Service

FRANKFURT - Taking advantage of the bitter auto trade dispute between the United States and Japan, Europe is playing each side against the other in an effort to secure gains in the Japanese auto market for its own companies while emerging with an image as the ultimate protector of free

In dealings with Americans, European officials have harshly condemned the trade sanctions Washington has threatened against Japanese car imports as well as Japan accept target exports of American cars and car parts.

Yet in private meetings with U.S. officials, the same European officials have said they hoped that Washington succeeded in prying open Japanese markets.

With the Japanese, Europe has defended Japan's assertion that the U.S. trade action is illegal under the new international trad-ing laws. And capitalizing on Japan's need to give the impression it is opening its markets, European Union officials struck a moderate deal with Japan last week that would make it easier for European auto-

demands by the Clinton trade officials that makers to pass complicated Japanese inspection requirements.

> This is not the ultimate step in opening the Japanese markets, but it shows progress, and that is what we think counts," said James Rosenstein, spokesman for the Association of European Automobile Makers in Brussels.

U.S. and Japanese officials in Geneva ended a day of talks oo the trade dispute Monday with oo sign of progress to head off threatened U.S. sanctions (Page 16).

It was the first formal discussion since Washingtoo announced last month that it

Europe Wins as Washington and Tokyo Fight Over Cars would impose 100 percent tariffs on 13 Japanese luxury cars, effective Juoe 28.

No breakthrough is expected this week. as both sides will be preoccupied with the economic summit meeting in Halifax. Nova Scotia, of the Group of Seven - the United States, Canada, Germany, Britain, italy, France and Japan.

The European Unioo had asked to be a participant in the auto talks, citing its fear that the U.S. action "could jeopardize the world trading system." But Washington

European officials, particularly Sir Leon See AUTOS, Page 6

Cut Nuclear Deal

U.S. and North

The Associated Press KUALA LUMPUR - U.S. and North Korean oegotiators completed talks Mooday oo an agreement to curtail the North's ouclear program and will now present it to their governments for final action.

No details were released on the deal, intended to carry ont an accord signed Oct. 21 to dismantle elements of the Communist nation's nuclear program that could lead to development of ouclear weapons. (Page 4.)

Serbs to Keep Hostages to **Deter New UN Force**

Western Officials Fear Use of Captives to Foil Rapid Reaction Unit

By Roger Cohen
New York Times Service

SARAJEVO, Bosnia-Herzegovina -The Bosnian Serbs will probably oot release all the peacekeepers still being held hostage until the United Nations Security Council decides on a new mandate for the Bosnian mission, Western officials said

The officials, who spoke on condition of anonymity, said it appeared that the Bos-mian Serbs had shifted from holding the UN hostages as insurance against further North Atlantic Treaty Organization air strikes to detaining them as political lever-age against any reinforcement of the peacekeepers' mandate.

The UN mission here, headed hy Yasushi Akashi, has already come close to bowing to the Serbian demand that there be no more NATO air strikes by declaring that it will "abide strictly by peacekeeping principles until further notice."

The role of a oew 10,000-strong international rapid reaction force within the UN mandate remains to be determined.

'Our impression is oow that at least a few hostages will remain until things are clarified on the rapid reaction force and the new mandate," one official said. The Security Council's deliberations on the new mandate are unlikely to be concluded before the end of this week.

In the Serbian stronghold of Pale, there

were indications that more hostages might be released Tuesday or Wednesday. "We will have news about the prisoners tomor-row," said Radovan Karadzie, the leader of the Bosnian Serbs. In Belgrade, the Beta

of the Bosnian Serbs. In Belgrade, the Beta news agency, whose reports on the hostages have so far been accurate, said a group could be released by Wednesday.

More than two weeks after they were taken hostage, there are still-52 peacekeepers detained by the Serbs, including one apparently being kept in isolation at a Serbian radar station on Mount Jahorina that is viewed in Pale as a potential NATO that is viewed in Pale as a potential NATO target. A total of 232 peacekeepers have

A spokeswoman for President Jacques Chirae of France said Monday that he had received assurances from the Serbian president, Slobodan Milosevic, on Sunday that the remaining hostages would be released "very soon." Mr. Milosevic said the same

thing to Mr. Chirac a week ago.
Mr. Akashi has adopted a conciliatory tone on the hostages' plight, noting Friday that their release may be slow, without raising any objection to the pace. His Zagreh office has reprimanded the UN Sarajevo spokesman, Alexander Ivanko, for being too pugnacious in his accounts of the

hostages' situation. It was Mr. Ivanko, a Russian, who called the Serbs "terrorists" for scizing the hostages, a statement that earned him death threats from Pale. On Monday, he stood by his statement, saying that "taking hostages is an act of terrorism under international law. That's a fact and it has not

See BOSNIA, Page 6

Very Sorry in Japan, Except for the War

things out to me."

By Nicholas D. Kristof New York Tones Sernce

TOKYO - As Japan clears its throat these days for a small, dry cough of re-morse about its conduct during World War II, the surprising thing is that in most respects this is the most apologetic country io the world.

It is almost impossible to have a conversation in Japanese without each side apologizing a few times. Collectively, the Japaoese people utter or bow billions of apologies a day. A typical telephone conversation might

start like this, in a quite literal translation: "I've called you out of the blue. I'm so sorry that I can't even think of an excuse." "No, no. By the way, the last time we met, I was terribly rude."

"Not at all. It was I who bothered you." Business concluded, the callers end in this fashion:

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"I'm so sorry that I've taken up your valuable time. I'm so inexperienced that I may be rude, but I hope you don't mind.' "No, no. I may not be up to the standard, so please don't hesitate to point

"I'm going to be rude by hanging up." "Please excuse me." If Italian is the language for the roman-tic, then Japanese is a language for the penitent. It would be difficult to imagine a

anguage in which one can grovel so apologetically as Japanese. So the question is, if Japanese say they are sorry a dozen times a day when they have done oothing wrong, why are they hestant about apologizing for having killed 10 million or 20 million of their

On Friday, the lower house of Parliament finally approved a resolution of remorse for Japanese conduct in World War II. Partly because of bickering among the parties, only about 230 members in the 511-member chamber voted in favor --- the rest boycotted or voted no.

In any case, the resolution was so weak that it did oot include an apology. The biggest political party, the Liberal Democrats, insisted on excising the word apology from the draft, so the resolution ended up expressing hansel, a word that can variously mean reflection, self-examination or

The backers of the resolution also had to weaken the wording by replacing a refer-ence to "aggressive acts" with "aggressivelike acts." Americans might think that this would refer to the Japanese attack on Pearl Harbor or the Rape of Nanking, but in fact the reference appears to be principally to European and American actions of that

The resolution says that many countries engaged in "colonial rule and aggressivelike acts," and that in this historical context Japan may have done such things, too. One explanation for the reluctance to

See JAPAN, Page 6



Serbian soldiers in a special volunteer "Super Tigers" unit preparing Monday for a patrol in Serbian-held Croatia.

Gondoliers Ship Oars for Motors

VENICE - Gondoliers plan to pull in their oars and switch to motor power to combat increasingly heavy swells on the waters of the Venice Lagoon.

The swells mean we can't use our oars

anymore so four gondolas will have mo-tors fitted to their sterns," said Fulvio Scarpa, head of a Venetian gondoliers' association.

"We can't carry on like this. We've been forced to become taxi drivers and turn the gondola into a mere motor boat," he added.

Outboard motors will be fitted to just four heavy-duty gondolas in an initial experiment, but gondoliers have warned

that they will have to consider modifying the rest of the fleet if nothing is done about the choppy waters.
Venice's 400 gondoliers have staged

protests recently against the increasing turbulence of the city's waters. Construction of channels to allow shipping to reach Porto Marghera on the mainland means that waves are coming closer to the city, while pollution has killed off much of the lagoon's plant life. speeding its effective transformation

into a bay. But the gondoliers' principal activity is still transporting tourists through the city's back canals, so complete motorizing still seems a long way off.

AGENDA

Rabin Allies Say No to Golan Pullback

JERUSALEM — Three members of Prime Minister Yitzhak Rabin's Labor party threatened Mooday to bring down his government if it moved any closer to withdrawing from the Golan Heights.

The rebels oppose giving back the strategic heights Israel captured from Syria in 1967. They say that returning the Golan in a peace deal would put the Jewish state at risk. "If the issue brings down the government, let the govern-ment fall," said Avigdor Kahalani, a retired general and one of the three. "The

Golan is more important than the government."

President Ezer Weizman said Monday that Israel was willing to withdraw from the Golan Heights in exchange for peace with Syria.

PAGE TWO Beirut Looks to the Future

THE AMERICAS The Clinton-Gingrich Show

Page 5. EU Targets East Europe

INTERNATIONAL Page 7. Strikes in Lagos

BUSINESS/FINANCE Page 15. Italian Markets Skid

Pages 8, 9. Sports Pages 22, 23, Books Page 10. Crossword Page 23.

International Classified Page 4.

Quarrels of Its Neighbors Keep Lebanon in Shadow

By John Lancaster Washington Post Service

EIRUT - Peace has prevailed here for nearly five years, and from all appearances the Lebanese have emhraced it with a vengeance. Nightelubs are booming, streets are jammed with Range Rovers and BMWs and the beaches are buzzing with the sound of Lebanon's latest sports obsession, the jet ski.

There are holsters aplenty on the streets of Beirut, but these days they usually carry cellular phones, not sidearms.

But if life in Lebanon has regained at least a semblance of normality, the process of rebuilding the country has barely even begun. For all the bold talk of a new Hong Kong taking root on the eastern shore of the Mediterranean. Lebanon's future remains hostage to forces almost entirely beyond its control.

With Israel deploying troops in southern Lebanon and Syria occupying much of the rest, Lebanon remains a reluctant party to continuing confrontation between those two countries. Secretary of State Warren M. Christopher returned to the region Wednesday to urge them toward a treaty, which hinges on Syria's demand that Israel withdraw from the Golan Heights, captured from Syria in 1967, in return for full peace and normal relations.

A Syrian-Israeli treaty, many Lebanese be-lieve, would lead to the withdrawal of foreign troops, curb Syrian political influence and. most important, unleash a flood of new investment from expatriate Lebanese heartened by the restoration of national sovereignty and

regional peace.

That, in turn, could set the stage for genuine reconciliation among Lebanon's main Christian and Muslim political factions, which remain deeply suspicious of one another under the fragile power-sharing arrangement worked out by the Arah League with U.S. backing in 1989.

Failure to reach agreement, on the other hand, could prove far more dangerous to Lebanon than to either of the two principals, causing economic stagnation or, worst of all, resumption of the civil war that killed 160,000

people from 1975 to 1990.
"Everyone admis that the return to normaley now hinges on the peace process," said Adnan Iskander, a professor of political science at the American University of Beirut, "Confidence in the political situation has not allowed the Lehanese to return. They won't come back until the situation stabilizes."

OME progress is evident. The government has hegun laying the groundwork for rebuilding the capital's ruined downtown, delegating the task to the private Solidere corporation.

Solidere, whose largest shareholder is Rafiq Hariri, Lenanon's billionaire prime minister. has so far raised \$650 million in cash, and investors eagerly snapped up the first central Beirut plots that went on sale several months ago for a total of \$50 million, company offi-

Central Beirut is noisy with the rumble of equipment clearing away rubble and refuse and digging trenches for the water, sewer and electrical systems that constitute the first phase of the project.

Along the crowded coast, meanwhile, developers are erecting sleek balconied highrises where water-view apartments sell for up to \$3 million each. New hars and restaurants are said to be opening at the rate of one every

"People are coming back," said Maher Daouk, scion of a prominent Sunni Muslim merchant family and a member of the Solidere board. "People that are professional investors, or developers, they don't fear it. Land is scarce in Lebanon and we have a lot of faith

Perhaps the heartiest optimists can be found in the Tourism Ministry, which recently reconstituted its statistics department and

By Larry Robter

PORT-AU-PRINCE, Haiti - With

Haitians scheduled to vote late this

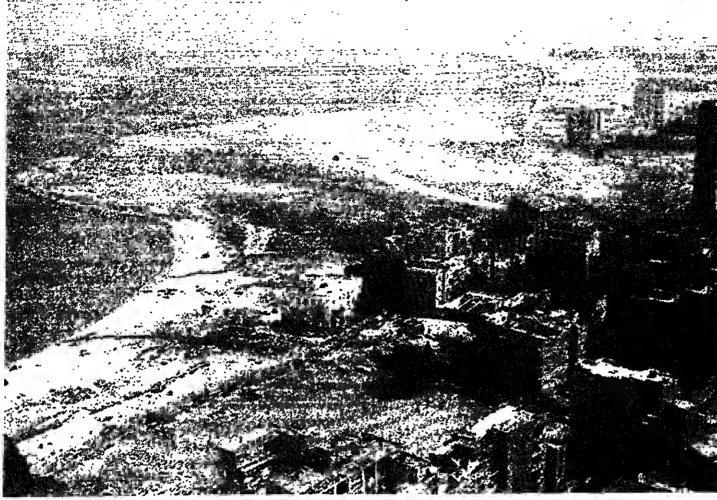
month in their first election since de-

organizers are struggling to keep the

balloting on track and on schedule.

that they have not been told why they

barely begun.



Five years after the civil war's end, much of Beirut remains a wasteland of shattered buildings and barely navigable roads.

has begun reopening offices in European capitals in hopes of recapturing some of the business that once accounted for 20 percent of Lebanon's gross national product

But there are serious obstacles to reinvigorating tourism here. Mucb of Beirut remains a rubble-strewn wasteland of bullet-pocked buildings and barely navigable roads. Most major hotels have yet to reopen. Especially discouraging for many is the lack of visible progress in restoring basic utilities, in particular telephone service and power, which is available only 6 to 12 hours a day.

Foreign contractors have been hired to remedy both sbortcomings, and government officials promise hig improvements by the end of the year. In the meantime, however, residents often pay up to \$300 a month for supplementary power from private generators whose steady roar is the background noise of postwar Beirut

"It's like you're inviting people to dinner and dinner is not ready." Ziad Jounblat, a restaurant owner and consultant, said of the government's efforts to attract new investment. "You don't open here without a genera-tor, without huge water tanks, things that in any other country you take for granted."

I VEN more danning, perhaps, is the country where power is so finely apportioned that the president must be a Christian, the prime minister a Sunni Muslim and the speaker of the Parliament a

The arrangement was supposed to ensure a measure of halance among Lebanon's principal religious communities, hut the formerly dominant Christians have had a hard time adjusting to their diminished role.

Most Christians boycotted the 1992 parliamentary elections, asserting that the electoral districts were drawn in such a way as to diminish their voting strength, and sectarian rivalries still run deep.

The Christian militias have been disarmed, but not the others," Cardinal Pierre Nasrallah, the elderly patriarch of Lebanon's Maronite Christians, complained during an interview at his red-roofed palace on a mountain overlooking the Christian stronghold of Jounieh north of Beirut,

Where there are many Christians in one constituency, they have not been given a chance to elect their own," he said. "The effect is that the Christians are not participating, they have not a word to say in all this and the nation's will is dominated by a foreign"

HAT power, of course, is Syria, whose 40,000 occupying troops are a palpable presence even in Beirut, where they man checkpoints decorated with photographs of Syria's president,

But Syria's niggest influence is in the politial arena. Virtually every government occision of consequence is subject to approval from Damascus, to the point where Mr. Hariri's recent move to reshuffle his cabinet prompted no less than three visits in 24 hours from the head of Syrian military intelligence in Lebanon, diplomats and Lebanese said.

"Syria controls everything," said a Lehanese journalist here, "It's a Syrian domain, a Syrian satellite. All major decisions have to be aoproved hy Syrians."

Syria has long considered Lebanon so integral to its domain that it does not even bother to maintain an embassy here. Many Lehanese grudgingly acknowledge that it was Syrian intervention that ended the war and continues to preserve the peace. But Syria's motive for staying in Lebanon

is purely strategic: In the aftermath of separate peace agreements among Israel, the Pal-estinians and Jordan, President Assad "needs Lebanon as a pressure point," as one Western

diplomat put it recently.

The diplomat noted that Mr. Assad has

strictly adhered to the U.S.-brokered ceasefire that ended hostilities in the Golan Heights more than two decades ago. That's the good face he can deliver," the diplomat said. "In Lebanon, he shows the other side of what he's capable of."

Armed Islamic militias still operate in southern Lebanon, the main reason that the United States continues to prohibit U.S. citizens from traveling to Lebanon. The Lebanese government say the travel han as a major impediment to both tourism and Western

Under the scenario favored by Lebanon, a Syrian-Israeli accord would be followed in short order hy a Lebanese-Israeli treaty, paving the way for an end to hostilities in the south as Syria cuts off supplies to its guerrilla proxies there.

That, in turn, would precipitate an Israeli-withdrawal from the area, which Lebanese officials have said would then be secured by 25,000 Lebanese army troops. The Syrians could then begin a phased withdrawal.

That would not come a moment too soon for many Lebanese, who recognize the securi-ty benefits of the Syrian presence but resent their neighbor's dominance over what has traditionally been one of the most open societies in the Middle East.

One of them is Beshara, a 26-year of scuha-diving instructor who said Syrian soldiers detained him overnight several years ago because they took a dim view of his ponytail and motorcycle.

"We have our own government, our own army," he said as he sipped a Mexican beer the other night at the St. George's Yacht

Club. "We don't need them." Asked whether he would stay in Lebanon or return to the United States, where he spent several years with relatives during the war,

Beshara thought a moment before answering. "It's hard to say," he said finally. "We have to see the situation here. What's it going to be? No one knows. Especially us."

Clinton to Expand **American Contacts** With the Cubans

By Steven Greenhouse New York Times Service

WASHINGTON - Once the furor over new rules on Cuban immigration dies down, the Clinton administration plans to make an important shift in policy by announcing expanded contacts between Americans and Cubans as a way of undermining Fidel Castro.
Officials are quick to say that

they plan to continue to isolate Mr. Castro and maintain the economic sanctions of the last 30 years, which the White House actually toughened last summer. But they contend that the fall of communism in East-ern Europe demonstrated the value of increased contacts in the form of, for example, educa-

So far, they have beld off out of concern that Cuban-American groups and congressional Republicans would criticize the increased contacts as moves toward normalizing relations with

Among the many steps under consideration are allowing American news organizations to open bureaus in Cuba, fun-neling money and fax unchines to Cuban human rights activists, and arranging exchanges of American and Cuban clerics, students, academics and artists.

"Eastern European officials fold us that these tools made a real difference in bringing down communism," said a se-nior policy maker.

Some of President Bill Clinton's foreign policy advisers were pressing to amounce the moves early last month when the administration aunounced it would send boat people seek-ing refuge here back to Cuba. Many Cuban-American groups, especially the powerful Cuban-American National Foundation, condemned the change as a concession and a step toward normalization.

Senator Bob Graham, the Florida Democrat who is probably the administration's chief adviser on Cuba, has warned against actions that might be construed as steps toward normalization until the anger dies. down among Cuban-Ameri-

"If a better climate gets created in two to thiree mouths—that's about how long we think it will take—then we have a moral obligation to take further

land push for democracy," a senior State Department offi-

Administration officials say the Cuban Democracy Act of 1992 embraced two strategies to weaken Castro: tightening the trade embargo and increasing contacts among people of the two countries. The philosophy was that a greater flow of West-ern ideas to Cuba would speed Cubans' embrace of democra-

"There is a strong sense in the administration that we should be more aggressive in advancing the aims of the Cuban De mocracy Act," said a top poli-cymaker on Cuba.

Mr. Graham had told the administration that the timing should turn in part on whether Havana fulfills its pledge to avoid reprisals against boat ref-ugees sent back to Cuba, If there are reprisals, the reasoning goes, that will provide amition to critics who say the administration was misguided and naive to trust Havana's

Officials acknowledge they are wary that announcing in creased contacts night wider the schism with the Cuban-American National Foundation. But they say that many Cuban-Americans, upset that their relatives are trapped on bying for increased contacts as a way of breathing intellectual fresh air into Cuba.

Officials say they have been considering the new policy for months, and Cuba's recent deprominent political prisoners could help the administration make this decision.

Responding to pleas from the United States and France, Mr. Castro freed the two prisoners 10 days ago in what was widely viewed as an effort to earn goodwill with Washington. The two, Rolando Indamiro Restano Diaz and Sebastian Arcos Bergnes, had been held more than three years on charges of seeking to subvert the Cuban

Officials said there was no link to whether Cuba hands over Robert L. Vesco, the fugi-tive financier arrested last

steps to help people on the is- turns up the heat on Havana.

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TRAVEL UPDATE

SAS Flights Struck as Pay Talks Fail

STOCKHOLM (Reuters) - Scandinavian Airlines System flights were strikebound for the fourth time in 10 days Monday,

with the prospect of another stoppage Wednesday if pilots and management fail to break a pay deadlock.

An SAS spokesman said about 800 flights were canceled and about 55,000 passengers were likely to be affected by the strike and the reciprocal management lockout, running from midnight Sunday to midnight Manday. The spokesman said near-normal service should resume after midnight, although disruption of some long-distance flights was possible. long-distance flights was possible.

The strike, which has affected all SAS European and interconti-

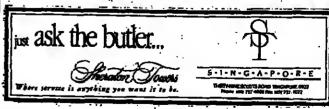
nental flights and most domestic and intra-Scandanavian services. followed the breakdown of pay talks Sunday.

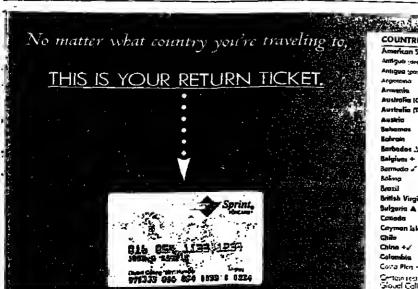
Turkey hopes to promote pilgrimages to shrines of major religions in the country, in an effort to bolster tourism revenues. "We have mapped out places in Turkey that are considered holy by Muslim, Christians and Jews," Tourism Minister Irfan Gurpinar said. "We are working on a project to promote pilgrimage to these places to help increase Furkey's tourism revenues." (Reuters)

After a strong gas odor was reported in a central Stockholm subway station, the station was closed early Monday for several hours but no leak was found. Swedish gas company officials said. The Kungstraedgaarden station was closed and traffic on the line stopped after passengers noticed the smell, which was later found to be coming from a leaking water pipe in a room housing the water and eas pipes.

Correction

An article in the June 10-11 issue about Russia and Ukraine signing an agreement to conclude their dispute over the Black Sea Fleet contained a mistaken reference to Ukraine's president, Leonid D. Kuchma. He is an ethnic Ukrainian.





sional Electoral Commission, the ninement to organize and administer the

Nearly 4 million voters are already registered for the election, which is mocracy was restored here last fall, scheduled for June 25, followed by rganizers are struggling to keep the alloting on track and on schedule.

As many as a million voter registraon cards have been many as a million voter registration cards have been reported missing. Aristide was elected in December voter registration deadlines have re- 1990, voters are to choose 18 senators peatedly had to be postponed, a final and 82 deputies for a new Parliament official list of candidates has not yet along with mayors and municipal been made public, and scores of dis-qualified candidates are complaining try of more than 7 million people.

At the moment, bowever, Mr. Remy's biggest problem is trying to Because of those and other delays account for one million voter registra-and uncertainties, campaigning for the more than 2,200 elective offices has mysteriously disappeared from commission offices around the country. In a country as poor and hackward The announce as Haiti, "everything is a challenge," furor and a said Anselme Remy, head of the Provicedihility. The announcement set off a political furor and attacks on the commission's

sional Electoral Commission, the nine-member body named by the govern-he had merely intended to "sound the want a million gourdes from us, which eliminate possible opponents to Mr. fices to step up the pace of voter registration and to "sensitize the public to that kind of money." the possibility of fraud in the system." The cards are not really missing he "boarded" by local officials.

COUNTRIES

British Virgi

The commission has also come unscale of candidate registration fees under which the more candidates a party has, the less it pays. Newer and smaller parties, most of which are opposed to Mr. Aristide and three parties that bave been allied with him, argue that the law is devised to drive them into bankruptcy and out of competition.

Troubles Mount as Haiti Prepares for First Vote Under Aristide

"They want us to pay the money, but we don't have it," said Paul Duchatellier, who is the center-right Na-

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alarm" to press local commission of is the equivalent of \$75,000 American Aristide. dollars, and we are not a party that bas

Mr. Remy said that he had recommended to Prime Minister Smarck Mimaintained, but were only being chel that the fees be reduced by half and that he was hopeful the parties would receive a rebate. But he deder fire for enforcing a provision of the scribed the provision as part of an logical tendency as another being re-electoral law, decreed by Mr. Aristide effort to "encourage political modernin February, that establishes a sliding ization" in a country where parties have traditionally revolved around personalities, not ideologies or programs.

"We wanted to put pressure on the parties to get themselves organized, and to give them an incentive to band together in large parties, instead of many small regional groups," Mr.

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But Micheline Begin, deputy chief of an Organization of American States electoral assistance mission that is observing the election here, said the disqualifications had not been following a partisan pattern. There are as many from one ideo-

jected, and no one group seems to have benefited," she said.

The constitution and electoral code set up numerous qualifications for oflice, including ownership of a piece of land, being a member of a recognized profession and presentation of a birth certificate and other documents.

"There are some antiquated requirements for office, and some of them, Nearly one in every five candidates has been disqualified from the race, has been disqualified from the race, said. But, he added, "the law is the law, tional Agricultural and Industrial Par- leading to accusations by some politi- and I must enforce the law."

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POLITICAL NOTES

Medicaid Cuts Dwarf Medicare's

WASHINGTON — While lobbyists and lawmakers fight over Medicare, the federal health insurance program for the elderly and the disabled, Congress is planning even bigger changes and deeper cuts in projected spending for Medicaid, which finances care for low-income people.

Medicaid started as a source of health care for welfare recipients, and many people still think of it that way. But two-thirds of the Medicaid money is spent on people who are elderly or disabled.

"Most people don't realize that Medicaid pays for the care of two out of every three nursing home residents, most of whom are poor, frail women who need round-the-clock mireing care," said Paul Willging, executive vice president of the American Health Care Association, a trade group for 11,000

Federal Medicaid spending quadrupled in the past decade and doubled in the past five years, reaching \$82 billion in 1994. With no change in current law, the Congressional Budget Office estimates that the program will grow an average 10 percent in each of the next seven years. The House and the Senate have both voted to cut that growth to 5 percent a year, but they have not specified how they will do it. (NYT)

Computer-Worker Rules Shelved

NEW YORK - Bowing to pressure from Congress and business groups, the Clinton administration has decided not to issue regulations to protect workers from repetitive strain injuries, government officials say. Hundreds of thousands of American workers, from meat packers to computer programmers, are afflicted with repetitive strain injuries each year.

The fast-growing problem worned government officials as far back as 1990, when the Bush administration told the Occupational Safety and Health Administration to begin to develop a so-called ergonomic standard to protect workers. While the risk is greater in factories, repetitive strain injuries have become a big source of injuries in offices. As the nation shifts increasingly to a service economy, roughly 40 million people — more than 40 percent of the work force — now work on computer keyboards.

In their bid to stop the ergonomic rules, the Republicans were backed by powerful business groups like the National Federation of Independent Business and the National Association of Manufacturers, which formed a Coalition on Ergonomics to organize the opposition. Yet more important, it seems, is the Clinton administration's reading of the antiregulatory mood in Washington. Faced with an election year in 1996, scarce political capital is not going to be spent on the rules, especially with business groups firmly opposed. (NYT)

Technology Office Is Facing the Ax

WASHINGTON -- Congress appears ready to abolish the Office of Technology Assessment, which critics say performs solid research on scientific issues but delivers reports long after they are needed to shape technological debate or guide

The House Appropriations subcommittee on the legislative branch recommended last week that the agency's \$22 million budget be eliminated next year, cutting about 200 jobs Democratic supporters doubted they would be able to save the agency in the House. And the push to kill the agency initially came from the Senate, where the Republican caucus last December proposed its elimination, reducing its chances of finding support there.

(WP)

Quote / Unquote

President Bill Clinton, during a meeting in New Hampshire with the speaker of the House, Newt Gingrich: "The trick, in a funny way, is not to hide the differences but to get them out in a way that, where those of us on opposite sides can understand the other's opinion."

For Now, Clinton and Gingrich Are Sweetness and Light

By Dan Balz

CLAREMONT, New Hampative sound bites will come later next year, but for an bour in New Hampshire, President Bill Clinton and the speaker of the House of Representatives. Newt Gingrich, found a way to talk about the future of the country without raising their

If people expected fireworks here Sunday, they got a love-in instead. For an electorate soured on politics and cynical

NEWS ANALYSIS

about leaders in Washington, the outdoor encounter here in Claremont was a refreshing, if slightly artificial, escape from the bickering that has so often dominated today's politics. Mr. Clinton and Mr. Ging-

rich, a Georgia Republican, have sparred from long-dis-tance for most of 1995 in a struggle for political power between Democrats and Republicans that will come to a head in 1996. But Sunday they were just a couple of gray-haired, aging Baby Boomers bent on showing off their best sides to an audience of senior citizens.

Neither man could find a political reason to set off sparks, and that restraint appeared to be just what the audience and many Americans - are demanding from their politicians.

What they also accomplished in their afternoon encounter however gentle their language
—was to remind their national audience that the debate under

way in Washington is about the fundamental issues of power and government that have not been discussed in such hasie terms for 50 years. Whether it was Medicare

health insurance for the elderly and disabled, the federal budget, Mr. Clinton's national service program or the United Nations, the two men outlined often fundamentally different underlying philosophies, despite a willingness to suggest that they wanted to find room

That is what the campaign of 1996 will be all about, and it was perhaps inevitable that in the summer Mr. Clinton and Mr. Gingrich, the two preeminent political figures of the day, President Clinton and the speaker of the house, Newt Gingrich, sharing a light moment during their New Hampshire debate. stage and set the terms for 1996. through to the electorate, Mr. Clinton got in a gentle dig at Mr. Gingrich when be said:

the town hall format and at case nobody I've seen in a long as a campaigner in New Hampshire, appeared more relaxed But in simply showing up, or figuring out a way to be "invitand even more eager to engage ed," Mr. Gingrich elevated him-He leaped into the debate oo self once again as the Republi-Medicare even before he was asked about it, and when Mr.

broad vision of where his party wants to take the country. Gingrich made it clear that Mr. Clinton had misunderstood a He and Mr. Clinton treated each other as the heads of opquestion about campaign financing, Mr. Clinton took back posing factions who shoulder the stage for himself to explain the responsibilities of making government work; the only Even in describing his frustime the Senate majority leader. tration with the climate of poli-Bob Dole, was mentioned was when Mr. Clinton joked that tics that allows only the most

the Kansas Republican hadn't

given him permission to read Mr. Gingrich's racy new novel. In was Mr. Gingrich's political agility that allowed him to The speaker is real good at

coovert a casual statement by that. He can break through like the president into an invitation to share a stage with Mr. Clinton, and it was in his interest bere to do what he could to reassure people that he is oot the mean-spirited politician his can leader who is articulating a critics claim he is. And so it was Mr. Gingrich

who effusively praised the president repeatedly and who tried to describe Republican plans to shrink the growth of Medicare in terms that were designed to reassure, not frighten, the senior citizens in the audience and the public watching at

rich's strategy was aimed more at keeping himself at the center of the debate than drawing to oblige. But one friendly ensharp distinctions with the pres-

presidential race next year. Mr. Gingrich's unwillingness to rule out a presidential campaign is a frustration to the other Republican candidates in the race - there are eight besides Mr. Dole - and his ability to command center stage will continue to hold them hostage to

ident, whatever his status in the

his vision for the party.

No ooe is certain bow that drama will play out in the coming months, perbaps not even Mr. Gingrich. But the game plan Sunday called for civility and cheerfulness.

During the debate, Mr. Ging- of forcing politicians to play on ties put on an appealing face.

counter will not end the style of politics that has driven many.

people to disgust, and Mr. Clin-

ton had a word of advice to

those who were watching. "If you want us to work together, instead of figuring out who's got the best 30-second attack on the other, you need to really hammer that home. You need to tell all of us that - be. clear about your differences, but don't divide the country."

Next year will prove to be a greater test, for Mr. Clinton, Mr. Gingrich, their parties and the voters. But for a few mo-New Hampshire has a habit ments Sunday afternoon, poli-



A Year of O. J.: Doubts About the System

Trial Also Underscores Divide Between Blacks and Whites

By David Margolick New York Times Service -

LOS ANGELES — A year has passed since Nicole Brown Simpson and Ronald L. Goldman were killed, an occasion marked Monday by public candlelight vigils and more court

But with the first anniversary of the O. J. Simpson case comes a growing sense that the trial has become an exercise in futility, a dry run for a second runthrough that could be just as inconclusive.

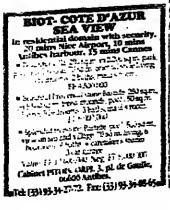
To many lawyers and lay people alike, the proceedings in Judge Lance A. Ito's courtroom seem endless, exasperating and ultimately meaningless.

But if Mr. Simpson's trial cannot yield a verdict, the allpervasive case and its myriad subplots have permeated the nation's legal and social land-

Some of the consequences are sobering. Judging from the vastly different views about Mr. Simpson's guilt among blacks and whites, many people have rejuctantly concluded that the United States is really two nations divided by biases that warp perception.
The divisions are so deep

and so seemingly irreconcil-able," said Robert Post, a law professor at the University of California at Berkeley. "It's one thing to differ about policy questions. But facts are sup-posed to be things upon which we agree.

Equally sobering are the conclusions that many people have drawn about the legal system, which, Judge Ito himself has observed, is as much on trial here as Mr. Simpson is. While the case has taught Americans much about courts, it has also convinced many of them that the courts do not work.



we have flunked the test in front of tens of millions of television viewers throughout the world," Arthur Liman, a New York lawyer, recently told graduates of Quinnipiac College Law School in Handen, Connecti-

To many of those viewers, justice now seems too slow, too expensive and too tilted toward defendants, even if the defendant is charismatic and well-

The case seems clogged with undisciplined, long-winded lawyers playing to the television camera. And presiding over evcrything, in the view of many, is a too-tolerant judge reluctant to assert control, then too arbitrary when he finally does.

The public's disillusionment has only grown as several dis-missed jurors have emerged from sequestration to reveal

the prosecution's overwhelming scientific evidence, which most legal commentators believe there is a feeling that Mr. Simpwould have convicted anyone but Mr. Simpson long ago.

That, in turn, has led to warnings that the jury system must be changed and counterwarnings of the consequences if it is.

Other repercussions from the case are more positive. One is that extensive and graphic testimony about how Mr. Simpson beat his wife has made people more likely to report and acknowledge domestic violence. Legal scholars argue that the

Simpson case is not representa-tive of anything. They fear, nouetheless, that the public will view it as prototypical and, frustrated by the impasse in the offing, will demand changes, like dropping the requirement

"If the Simpson case is a trial that what many regard as the for unanimous verdicts, or of the American justice system, defense's far-fetched conspirational changing the laws of evidence. cy theories have impressed They also worry that the public them as much if not more than will view defense lawyers eveo more warily.

Even within the defense bar,

his position on that, too.

In many ways, it was the

Mr. Clinton, accustomed to

president's event hut Mr. Ging-

rich's day.

son's lawyers, desperate to create confusion and doubt, are jeopardizing the rights of less fortunate criminal defeodants everywhere.

What little credibility you might have as a defense lawyer has been eroded by the image of the lawyers in this case," said Barry Tarlow, a criminal defense lawyer in Los Angeles. "The jury will believe that you have unlimited funds and manpower and that you are too slick

Gerald Chaleff, a defense lawyer in Santa Monica, California, said: "I think we're going to look back on this case and say this was the beginning of the end of a lot of these rights we've had historically."

Away From Politics

• Four New York police officers were suspended without pay after a brawl in a New Jersey bar, a department spokesman said. Officer Lisa Caliandro, from the 123d President of States Leband was a second of the said. cinct on Staten Island, was arrested after she and her husband fought with a man she had accused of fondling her.

• A small explosive device went off near the front door of the federal courthouse in Seattle, but no injuries or damage were reported, said a court security officer.

 A man abducted his son and estranged wife from a church at gunpoint in Salt Lake City, Utah, and led the police on a highway chase. During a shoot-out with officers, Raoul Bonilla, 29, was shot in the head and his 3-yearold son was shot in the shoulder. Authorities said Mr. Bonilla walked into a chapel and dragged his wife and son away. (AP)

 A high tide and six tugboats helped free a 180-meter (600-foot) luxury liner and more than 900 passengers from a sandy shoal near Nantucket Island where they had been stuck for nearly 24 hours. No one was hurt. (AP)



We are sorry to announce that our founder and chairman, Mr. Isao Yabuki, passed away on Friday, May 5 at the age of 91. Throughout his life, Mr. Yabuki devoted himself to introducing Japanese cuisine to the many distinguished guests who visited our restaurant.

We wish to express our sincere gratitude to all of our guests for the kindness shown to him during his lifetime.

Ten-ichi

Junichi Yabuki, president 6-7-16, Ginza Chuo-ku, Tokyo Japan

The memorial service will be held as follows: June 21, 1995 (Wed.) 3:00 p.m.-Hotel Okura, Room "Akebono" 2-10-4. Toranomon, Minato-ku, Tokyo Japan

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On June 13th, the International Herald Tribune expands its worldwide distribution with the opening of its 12th printsite, in Toulouse, France. This enables early morning delivery on the day of publication

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in the entire southwest region of France.

SEOUL - Clearing a major burdle North Korea is suspected of possessrea bave drafted an accord to provide nuclear reactors to the Communist nation, U.S. officials said Monday.

The proposed agreement, coming after more than three weeks of tortuous negotiations, assures that a South Korean light-water nuclear reactor will be the type chosen, U.S. and South Korean officials said Monday.

However, oegotiators appareotly left for future talks another contentious issue: North Korea's demand for Japan. up to \$1 billion of electrical power Unt

Philippines

Examining

Maid Abuse

KUWAIT — Philippine offi-

cials began a three-day investi-

gative visit into the status of -Filipino workers bere by meet-

ing 20 maids awaiting deporta-

tion and talking to police offi-cials who deal with disputes

between maids and their em-

ployers, a newspaper said. The panel, lead by former Justice Emilio Gancayco of the

. Philippine Supreme Court, ar-

rived Sunday in the Gulf state,

one of several in the regioo

where employers are accused by

maids being beld at a police station until deportation, the

English-language Arab Times reported Mooday. The maids

are being expelled because of

disagreemeots with their em-

He also talked to officers at

the station who work with em-

bassies oo the cases of Asian

maids who are involved in labor

disputes or who have fled em-

The visit demonstrates the in-

creased Philippine interest in

the situation of the 4 million

Filipinos working abroad after

a maid was hanged in Singapore

Tor a double murder. There

whave also been a string of re-

ports of abuses committed

against maids around the

Mr. Gancayco's team is on a

Kuwaitis deny abuse is wide-

are fabricated by the maids to

get out of cootracts.

17-nation tour that includes the

United States, Europe and the

world, from rape to slavery...

Mr. Gancayco talked to 20

Asian maids of abuse.

FIn Kuwait

the reactors. That means there could said. be further difficult negotiations.

"The North Korean oegotiator and toward dismantling the atomic arsenal I have reached an ad referendum agreement on a text," Thomas C. Hubing the United States and North Ko- bard, the State Department official who led the negotiations, said in a telephone interview from Kuala Lumpur, where the talks have been going on since May 20.

Mr. Hubbard, a deputy assistant secretary of state, said that the negoti-ating teams would leave Malaysia on Tuesday to return to their respective apitals to get the draft approved.
The United States will also consult

further with its allies, South Korea and

Until all parties approve the draft, sanctions against it.

lines and other facilities ancillary to the text will not be made public, he

Since negotiators have been in close touch with their capitals and allies, it is expected that the agreement will be and improved relations with the Unitannounced soon.

The pact should preserve for now the tenuous nuclear freeze on the Korean Peninsula that was put into place by the accord signed by Washington and Pyongyang in Geneva last Octo-

In recent days, North Korea has been threatening to begin reprocessing about 8,000 spent fuel rods from its existing reactor, allowing it to extract plutonium that could be used for

If North Korea had lifted its nuclear freeze, Washington would have sought

isting ouclear program in exchange for modern light-water reactors, fuel oil,

The light-water reactors produce less of the type of plutonium needed for weapons than the graphite-moderated reactors North Korea had been

The key issue in Malaysia was which light-water reactors to supply. The United States had been pushing for a South Korean reactor.

That is because South Korea had agreed to pay the majority of the \$4 billion cost for the reactors - but only if its own technology is used and a tion to a South Korean company.

In Geneva, North Korea agreed to South Korean company is the prime freeze and eventually dismantle its ex-

North Korea had balked, saying South Korean reactors were unsafe. U.S. officials suspect that pride was behind North Korea's reluctance to accept technology from its archenemy.

The key to the new agreement, officials said, is that North Korea has agreed that the reactor and the prime contractor will be chosen by the Korean Peninsula Energy Development Organization, a multinational consor-tium led by the United States, South Korea and Japan.

The consortium is committed to choosing the South Korean technology and to giving a central role in construc-

Chic Karachi Section Is Rocked by Attack

KARACHI, Pakistan --- Vio-lence in Karachi has reached an elite district near Prime Minister Benazir Bhutto's family residence, with gunmen killing the oung son of a government offi-

Late Sunday, gunmen at-tacked a two-kilometer stretch of restaurants, video arcades and shops along the main boulevard of Karachi's wealthy Cliftoo district after killing the 3-year-old son of a customs official and seriously wounding his parents.

Senior police officials said the official was probably attacked because his car bore a government license plate.

'It is clearly a terrorist attack," a police officer said of the shootings. "It was random sniping to create fear and pan-

Four others were injured as the gunmen opened fire indiscriminately. The attackers also fired two rockets, officials re-

The first rocket hit a parked vehicle across the street from the German Consulate.

The attackers fired a second a few hundred meters from the headquarters of the Pakistan Navy but it did not explode.

"Women and children screamed and ran for shelter when the attack began," said a witness who was having dinner at a roadside cafe when the at-

"There was complete panic and chaos as people rushed into

Until now, the Clifton area, an elite seaside district in the south of Karachi, had avoided the unrest that has left the rest SEOUL PROTEST - A Roman Catholic num at a rally Monday outside Myongdong of the country's biggest city in

At least 20 people were killed capital, Islamabad.

over the weekend, including five policemen and two sup-porters of Miss Bhutto's Pakistan People's Party.

Two more policemen were fa-tally sbot Monday, officials

In all, more than 600 people

have died in religious or political violence. Much of the violence has

been attributed to the Mujahir National Movement, a party for the Urdu-speaking Muslims from India who make up a majority in Karachi. The party has orchestrated a

series of strikes that have paralyzed the city to protest what it says is discrimination by the government, but denies that it is responsible for the killings. Instead, it accuses a rival fac-

tion and intelligence agencies of trying to discredit it. Negotiations between the

government and the movement have stalled since the government demanded that the party surrender its weapons as a precursor to further talks.

The movement says its militants are not armed.

The Clifton attack has shattered the myth of the invulnerability of the southern district, which houses multinational companies, international banks, foreign missions and large hotels.
"Sunday night's attack in

Clifton may force Bhutto to respond more forcefully to Karachi's unrest," one resident said since this area houses the city's

Another Clifton resident called the attack "a message to the lady," referring to the common perception here that Karachi is being stinted by Miss Bhutto, who is busy with her own political problems in the

BRIEFLY ASIA

Fillite,

China Shifts Poor From Arid Site

BELING - China is moving 746,000 people out of one of

its poorest regions, an arid, mountainous part of the Muslim region of Ningxia in the northwestern part of the country.

The poor farm families will be moved within the next five years to newly developed irrigated regions along the Yellow Piper in the northern part of the Ninexia Will Autonomous River in the northern part of the Ningxia Hui Autonomous Region, the state-run China Daily reported Monday.

The newspaper said it would be the second biggest population to the state of the second biggest population to the second biggest population.

tion transfer in modern Chinese history. The largest involves the moving of 1.3 million people to make way for the reservoir of the Three Gorges Dam in Hubei and Sichuan provinces.

China has been moving people from southern Ningxia to the newly irrigated area since 1983, and will complete the project by 2000, the report said, without mentioning how many people have been relocated so far.

Karen Rebels Back Burma Peace

MAE SOT, Thailand - The Karen National Union rebel group, which has been fighting for actonomy from the central government in Rangoon for nearly half a century, said on Monday it wants preparations for peace talks with the gov-

ernment to continue.

"The KNU sincerely wants to see the peace effort that has

"The KNU sincerely wants to see the peace effort that has already begun to continue rather than to prolong war," the Karens said in a statement signed by its president, General Bo Mya. The Karens have been fighting Rangoon for greater autonomy since 1949, a year after Burma gained independence from Britain. It is still fighting Burmese authorities,

although 14 other Burmese rebel organizations have reached cease-fire agreements with Rangoon in recent years.

The Karen rebels said representatives of the ruling Burmese State Law and Order Restoration Council, or SLORC, had already met with its officials at its bases in southeast Burma three times to prepare for peace talks. "But after the middle of May, the SLORC sent troops into the area and attacked us instead," the rebels added. In the attacks, many Karens were

forced to flee and their jungle camps destroyed.

The mostly Christian Karen rebels suffered a major setback late last year when a Buddhist faction of the group allied with the Rangoon government and attacked their former com-

Officer Faces Jail in Timor Killings

DENPASAR, Indonesia — A military prosecutor on Monday demanded six years and nine months in prison for an army officer accused of ordering the killing of six East Timor civilians by a patrol looking for rebels.

The prosecutor, Lieutenant Colonel Asmar Gutji, also asked a military ribuntant in the Bali capital to dismiss First

Lieutenant Jermias Kasse, who had served 16 years in the former Portuguese colony of East Timor, from the army.

"The suspect is legally and convincingly proved to have deviated from his superior's order by deliberately ordering other people to kill," Colonel Gutji said.

The case has bolstered accusations of human rights abuses

by Indonesian troops in East Timor, annexed by Indonesia in 1976 after Portugal abandoned its former colony. Lieutenant Kasse is the first of two soldiers being tried in connection with the Jan. 12 killings in Liguisa district.

(AP)

VOICES From Asia

P. V. Narasimha Rao, prime minister of India, in a meeting in Paris with business leaders: "India is open to all partnership projects; it wants new cooperation with France. There are real synergies between Indian needs, which are immense, and your possibilities."

Maulvi Mohammed Khan Sherani, a Pakistani mediator in talks between the warring factions in Afghanistan, on the release of eight government soldiers by the Taleban student. militia: "We are trying to create an atmosphere of trust between the two sides. A lack of trust is the only thing that

stands in the way of direct talks."

(Reinfers)

Jason Hu, Taiwan government spokesman, saying that the U.S. trip by President Lee Teng-hui had strengthened the basis of a bilateral relationship: "The president said that in the future, do not use a triangle - no matter if it is a strategic triangle, an economic triangle, a political triangle or a diplomatic triangle - to view the relationship between the United States, the mainland and Taiwan."

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Cathedral to condemn raids on the cathedral and a Buddhist temple in which 13 labor

leaders were arrested. Protestant pastors and Buddhist monks were among the protesters.

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SINGAPORE - Senior Today's Minister Lee Kuan Yew on Mooday blasted American publications he accused of trying to impose cultural suprema-

cy and vowed that his tiny nation would oever become a client state of Washington. "We are oot a client state of America," said Mr. Lee during testimony in his civil defama-tion case against the Interna-tional Herald Tribune.

"We were never a dependency of the Americans. Ours was a British connection. They have many faults, but cultural domioance is oot one of them."

Mr. Lee, 71, Siogapore's prime minister from 1959 to 1990, spent 70 minutes on the witness stand explaining his outrage over an article publisbed in the paper last Aug. 2. The opinion piece by Philip Bowring referred to "a battle

between the corporatist oeeds

to "dynastic politics" in China and in Singapore. papers, The New York Times and The Washington Post. and in Singapore.

Mr. Lee, his son, Deputy Prime Mioister Lee Hsien Loong, and Prime Minister Goh Chok Tong are suing three people — Mr. Bowring, John Vinocur, the paper's executive editor, and Richard McClean, the publisher.

The Herald Tribune published an apology last Aug. 31. At issue now is the amount of damages to be paid. Mr. Lee says the article sug-

gested that his son was appointed to his post not on merit but because he was related to Lee Kuan Yew. The article did not mention either man by name. The Herald Tribune bas sub-

the three men sued will testify in court, their lawyers said. The newspaper's principal office is in Paris, but one of its printing operations is in Singa-

Lee Hsica Loong also testi-fied Monday. Mr. Goh was ex-

Singapore Leader Lashes Out at U.S. Media

pected to testify Tuesday, his lawyer told reporters. Questioned by his own lawyer on his reaction to Mr. Bowring's article, Lee Knan Yew said: "I saw it as a vicious, very daring assault on my integrity,

my standing and my honor." He added: "I was angry, perplexed that he had this audacity. He must have known that I would challenge him, because not to challenge him would

mean my total destruction."

Mr. Lee said he had had previous scrapes with Mr. Bowring and the publication be formerly edited, the Far Eastern Economic Review. "But in this case, I thought he went right mitted affidavits, but none of overboard to burt me and my son and the government severe-

ly," he said.
"He would be dishonest if he of the state and the interests of the families who operate it" and owned by two American oews-

Mr. Lee said journalists who commit libel in Singapore must face the consequences.

"Get off your high horse, cat

your words and pay damages for the damage you have done," he said "Perhaps one of the problems America faces, their leaders face, is that their credibility is destroyed by scurrilous allega-

tions which don't have to be proved," he added. Mr. Lee was asked about a Washington Post story that said the attitude of Mr. Vinocur and his colleagues to Singapore, was, in effect: "To hell with it,

we will not trim our sails for that crowd." "That sums up their whole attitude," Mr. Lee said. "What they're saying is, To hell with it, to hell with you.' They are saying, I am an American, I have defended the world, I am a gendarme.' It'a an unbelievable assumption of cultural supremacy which I find very discomfit-

Taipei Trumpets U.S. Ties After Trip

TAIPEI — President Lee Teng-hui of Taiwan arrived bome from a landmark U.S. trip Mooday as officials proclaimed a closer relationship with Washington, and two Taiwan airlines unveiled

plans to buy American-made planes. Mr. Lee was greeted by his family and senior officials after his plane landed at Taiwan's Chiang Kai-shek airport.

A government spokesman said that Mr. Lee's trip had strengthened the basis of a bilateral relationship that should now have no place for Taiwan's arch-rival, China. "The president said that in the future, do not

use a triangle - no matter if it is a strategic triangle, an economic triangle, a pobtical triangle or a diplomatic triangle — to view the relation-ship between the United States, the mainland and Taiwan," said the spokesman, Jason Hu. Mr. Hu's remarks were a strong expression of Taiwan's desire to be treated as separate from China, which regards the island as a renegade

ists, forced from the mainland by the Communists, set up a government oo Taiwan in 1949. Mr. Lee, who became the first serving Taiwan president to visit the United States, met U.S. senators and congressmen and received a stand-

China strongly protested the visit, which re-China strongry protested the visit, which reversed nearly 20 years of U.S. policy barring such trips. The Chinese accused Mr. Lee of using bribery to gain U.S. approval for his trip and contended that the United States was subverting Beijing's sovereignty. Shortly before Mr. Lee arrived home, Tai-

wan's two biggest airlines announced plans to buy 12 Boeing 777s from the Boeing Co. of Both the national flag carrier, China Airlines, and the second company, EVA Airways Corp., said the proposed deal had nothing to do with Mr. Lee's visit. But analysts said the timing of the

announcement probably was not a coincidence. "It's apparent that the signing was technically arranged to make President Lee's visit look more successful," said Daniel Chen, chief economist of Chinatrust Commercial Bank, Taiwan's largest private bank

In a similar vein, Economics Minister Chiang Pin-kung told Parliament that the state-run Chinese Petroleum Corp. might buy crude oil from

Although Beijing has said that Mr. Lee's trip would be detrimental to Taiwan's economy, there were no overt signs Monday that China would retaliate.

No Free Lunch For Taxmen, **Beijing Decides** Reuters

BELIING - The Chinese capital has barred its tax collectors from accepting meals from taxpayers, the latest in a barrage of measures to curb corruption, the official Xinhua news agency said Monday.
The Beijing tax bureau
has told officers not to at-

tend banquets held by taxpayers or to use public money to visit dance halls or night clubs, Xinhua said. The rules follow similar edicts from the Communist Party and state agencies in response to corruption that is considered so endemic

undermine Communist Some Chinese say treating officials to expensive

that officals fear it could

meals an effective way to cusure their goodwill.

province. General Chiang Kai-shek's Nationaling ovation for a speech at his alma mater.

Cornell University.

About 25,000 Taiwanese companie

He wrapped up his "unofficial" trip in Alaska.

China without any legal protection.

About 25,000 Taiwanese companies operate in

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EUROPE

'Socialists In France Act to Foil Far Right

PARIS - France's opposition Socialist Party ordered its candidates Monday to withdraw from the second round of municipal elections in some towns to prevent victory by the far-right National Front.

The anti-immigrant National Front, led by Jean-Marie Le Pen, shocked mainstream parties by seizing the lead in sever-al towns in the first round Sun-day, especially along the Mediterranean coast. The front currently has no members as mayors and has no seats in Par-

The National Front, which opposes European integration and advocates mass deportation of immigrants, did well enough in the first-round voting to qualify candidates for the second round in 116 of the 231 cities with more than 30,000 residents.

Its breakthrough stole the show from President Jacques Chirac, a conservative who failed to translate his election victory five weeks ago into big local gains.

The Socialists, who retained some of their traditional bastions Sunday, ordered candidates to pull out of races where they had no chance of winning. The candidates were told to rally behind centrists or conservatives to thwart the National Front in the second round next Sunday: The second round will. be held in towns where no candidate won an outright major-

A party spokesman, Jean Glavany, said the Socialists wanted other parties to pail out their candidates who had no chance of winning, as a way to bolster the vote against the National Front.

But Mr. Chicac's Gaullist party, the Rally for the Republic, said it would not make the same gesture in races where leftist candidates were favored

"Everyone should fight un-der their own colors," said the party secretary-general, Jean-François Mancel, He said farright voters should recognize that only the governing centerright coalition "is capable of resolving the problems that led them to vote for the National

Front sobering for Mr. Chirac's allies, who had hoped his presidential victory would trigger conscrva-tive gains in city balls nation-

Mr. Le Pen, 66, hailed his party's gains as a "stunning triumph" that would force wider acceptance of a party often denounced as fascist or racist.

Prime Minister Alain Juppe, elected mayor of Bordeaux with 50.3 percent, rejected a propos-al by Mr. Le Pen to join forces selectively to help rightists in the second round Sunday.

In the industrial town of Vitrolles north of Marseille, Mr. Le Pen's No. 2, Bruno Megret, polled a record 43 percent, virtually assuring the National Front of victory on Sunday. (Resters, AP)

A Blunt Chirac Stuns Some at Paris EU Event

PARIS - European Union leaders knew President Jacques Chirac's reputation for blunt speaking before they came to dinner with him last Friday night. But some of them must of choked on their muffled chicken on hearing some of his remarks, as reported by Le Monde on Monday.

The newspaper said Mr. Chirac interrupted Prime Minister Andreas Papandreou of Greece when he pleaded for understanding for Serbs fighting to defend their religion in the Balkans.

"Don't talk to me about wars of religion," Mr. Chirac was reported to have interjected. These people have no faith and know no law. They are terrorists."

The paper said Mr. Chirac went on to describe the disgust he felt in telephone calls with the Serbian president, Slobodan Mi-

During a discussion of organized crime, Le Monde said Mr. Chirae bluntly told the Dutch Socialist prime minister, Wim Kok: Either you fight fundy against drug trafficking or I

will close the borders. Prime Minister John Major of Britain called Mr. Chirac's frank talk about real issues a breath of fresh air.



Jacques Chaban-Delmas, left, the outgoing mayor of Bordeaux, who is leaving city hall after 47 years of running the city, greeting his successor, Prime Minister Alain Juppé.

A Berlusconi Victory at Polls

Vote on TV Stations Clears Way for Comeback

By Celestine Bohlen New York Times Service

ROME - Silvio Berlusconi's name did not appear on any ballots when 27 million Italians voted on a full menu of 12 referendum questions. But by winning a decisive victory on the three

questions. Sunday that threatened his television empire, the 58-year-old tycoon and former prime minister proved not only that he continues to dominate Italy's political debate, but also that he is managing to survive it.

A jubilant Mr. Berlusconi said Monday that

the referendum results had pointed the country

NEWS ANALYSIS

toward early national elections next fall, when he hopes to put together another winning centerright coalition as he did in March 1994. And with the referendum behind him, he said he was finally ready to sell off a majority share in his relevision holdings, thus siphoning off one of the chief criticisms against him.

Since his fall from power last December, Mr. Berlusconi has been fending off attacks from all sides, including from within his own coalition, where some allies sense that his impulsive, hyper-bolic style may have become a political liability. Local elections held last April showed gains for center-left parties, and held out bopes for a new coalition headed by the mild-mannered economist and former state manager, Romano Prodi.

Pressure is also building to let the "techno-crat" government of Lamberto Dini, who was appointed as interim prime minister last January, stay in office through next year, given its success so far at keeping the hid on Italy's budget

Technical governments are those that work

Compiled by Our Staff From Dispatches

Minister Margaret Thatcher on Monday launched another at-

tack on her chosen beir, John

Major, accusing him of behav-

ing like "an overpowering head-master" and saying he had trou-ble saying "no" to Europe and

The broadsides, coming just

weeks after similar criticisms in

excerpts published in advance

from the second volume of her

autobiography that went on

sale Monday, created a political storm that seemed certain to frustrate Mr. Major's efforts to

build a consensus within the party over links with the Euro-

But Lady Thatcher said she

was not criticizing her embat-

tled successor, just speaking her mind, like the old days.

"I'm not making life difficult for him," Lady Thatcher, 69,

said in a BBC radio interview.

"I am making it quite clear that insofar as we are down in the

opinion polls, it's because we've

not been Conservative

Lady Thatcher attacked Mr.

of ber autobiography,

Major in interviews to accom-pany publication of the second

part of ber automography,
The Path To Power, which
covers her life before becoming

In a wide-ranging chat with David Frost on BBC television,

Lady Thatcher said Mr. Major

was prevaricating too much on

prime minister in 1979.

to spending.

pean Union.

enough.

LONDON - Former Prime

n," said Giovanni Agnelli, bead of Fiat, the series of election defeats. Italian automaker, in an interview published Monday. Thus, the longer they last the better it

In the meantime, Mr. Berlusconi has also been beset by legal troubles. As the former president of Fininvest, a \$7 billion company that be created and still owns, he faces charges that his head of Publitalia, Fininvest's exclusive advertising agency, was recently arrested on charges of using sports sponsorships as a cover for slush: Still, most experts predicted that Mr. Berlus-

paign to force him to sell two of his three television stations, and to undercut Publitalia's exclusive control over advertising on the Fininvest networks. And he was, winning a strong "no" vote on both those questions, as well as on a trickier question that would have limited the number of commercial breaks during films.

What the results mean for Italy's television system is still not clear, since the Constitutional Court issued a ruling six months ago that would require both Fininvest and RAI, Italy's stateowned television, to reduce their shares in a market that together, with three stations each, they now control almost exclusively.

New laws, now in Parliament, would also open up the airwaves to new independent cable and satellite networks, which, until now, have been practically nonexistent in Italy.

Since he went into politics, Mr. Berlusconi has been under pressure to divest himself of his television boldings. But be and his top executives have argued that with the referendum pending, he was in no position to sell, nor were potential buyers - who include Rupert Murdoch, Time Warner Inc., the German media baron Leo Kirch, and the Saudi investor Prince Walid bin Talal - interested in making a serious bid.

because we cease to have con-

Her remarks are likely to ex

acerbate the rift that already

exists between pro- and anti-

European legislators in the gov-

erning Conservative Party.

proposals to establish a single currency. This demeans Britain

"They're avoiding the argu-ment," she said. "They're not bank or over our own curren-

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Thatcher Tells Major to Say No'

European currency.

over it, never.

going to the fundamental issue of what a single currency would

do. It would mean that we

would never again have the

power to issue our own curren-

cy, never again bave control

Monday

Tuesday

Wednesday

Thursday

"So I would say no single

Union Agrees to Focus on Eastern Europe

By Tom Buerkle nonal Herold Tribuni

LUXEMBOURG - European Union foreign ministers agreed Monday to make Eastern Europe their top foreign aid priority for the next five years, dealing a blow to southern member states who pushed for a major aid increase to their unstable neighbors in North Africa and the Middle East.

The compromise was a mixed achieve-ment for France, which presented the proposal as holder of the Linion's rotating

The deal averts the prospect that the Union's summit meeting in Cannes in two weeks' time, which President Jacques Chirae wants to focus on his winning campaign theme of employment, will be disrupted by a rift between northern and southern member states over foreign-poli-cy priorities. But France won less EU aid for the Mediterranean that it had sought. It also failed to obtain an increase in aid to poor countries in Africa, the Caribbean and the Pacific, which include many former French colonies.

The deciding factor in Monday's debate was basic, Foreign Minister Douglas Hurd of Britain said.

The countries of Eastern Europe, he said, "are mostly countries which will one day join the European Union." The Mediterranean states, although a vital security concern, "are not European countries."

Under the aid agreement, the Union will devote 1.24 billion European currency units (\$1.64 billion) to the Eastern European countries in 1996 and 700 million Ecus for countries along the Mediterranean rim, from Turkey to Morocco.

Although there was no formal commit-ment for 1997 to 1999, the Union's foreign affairs commissioner, Hans van den Broek, said it was informally agreed that those figures would be maintained or increased.

Although the aid to the Mediterranean represents a jump of nearly 30 percent next year, the agreement guarantees the region minimum of just 3.5 billion Ecus in aid over the next five years, well below the 5.2 billion Ecus that the European Commission had proposed.

The result is a disappointment for Spain, which bad lobbied for a big aid package to help stabilize its southern neighbors and make a success of a conference Spain will host for EU and Mediterranean countries in Barcelona in Novem-

Mr. Hurd spoke for most northern countries when he said the Union needed to avoid five-year aid commitments to give itself the flexibility to respond to major geopolitical shifts.

Although the ministers made no headway on the related issue of aid to the African, Caribbean and Pacific countries, French officials expressed some optimism about an accord. They noted that Prime Minister John Major, who wants to slash Britain's contribution by a third, predicted an agreement before Cannes after meeting

Mr. Chirac in Paris over the weekend. The ministers' difficulty in achieving a consensus on foreign policy priorities comes at a time of growing discord among member states.

At a meeting of EU leaders in Paris on Friday, Mr. Chirac clashed sharply with Prime Minister Wim Kok of the Netherlands over the role of Europol in fighting international crime.

In Luxembourg, Mr. Hurd, buoyed by the cordial meeting between Mr. Chirac and Mr. Major over the weekend, reiterated Britain's fervent opposition to any attempt to weaken national veto power over EU foreign-policy decisions.

BRIEFLY EUROPE

3 Baltic Nations Sign Pacts With EU

LUXEMBOURG - Three former Soviet republics - Estonia, Lithuania and Latvia — signed accords with the European Union on Monday that may eventually bring them fully into the Union.

"The Baltie countries have come back into Europe," Prime Minister Maris Gailis of Latvia said at a ceremony with EU foreign ministers. By signing so-called Europe agreements, the

three Baltie countries join a long list of former Communist countries lining up for EU membership. The accords offer trade and cooperation deals and hold out the prospect of EU membership at a later date. Poland, Hungary, the Czech Republic, Slovakia, Bulgaria and Romania already have such accords and have begun to make their laws and markets converge with those of the EU. (Reuters)

A Shaky Free Democratic Platform

BONN - Chancellor Helmut Kohl's allies responded coolly on Monday to plans by their struggling junior coalition partner, the Free Democrats, to launch a new drive for more liberal laws in

The Bavarian sister party of Mr. Kohl's Christian Democratic Union, the Christian Social Union, threatened to veto in the cabinet any Free Democratic effort to loosen citizenship laws. allow immigration or put live-in and homosexual relationships on a legal par with marriage.

It was a had start for Wolfgang Gerbardt, elected party chairman at a congress on Saturday by delegates who hoped that a renewed emphasis on civil liberties could pull the party out of a

Assessing the Blame for U.K. Kiots

BRADFORD, England - Police and Asian community leaders blamed each other on Monday for weekend riots that caused \$1.6 million in damage.

Thirty police officers were injured and 21 people arrested when executives paid bribes to tax inspectors, while the about 500 young Asians went on the rampage over two nights in

this northern English city, burling gasoline bombs and bricks at police, burning cars and looting shops.

The police believe the rioters feel trapped in a generation gap

with their elders, who in turn blame beavy-handed policing and warn that the disturbances could spread. "You have this enormous powder keg of frustration, which they vent on the police, but also on their own community," Chief Constable Keith Hellawell told BBC radio.

Austrians Are Unhappy With EU

VIENNA — Austria on Monday marked the first anniversary of its vote to join the European Union with the government on the defensive and opinion polls showing widespread frustration with the Union. Newspaper editorials, opposition parties, farmers, as well as the

textile and tourism industries, joined in a growing chorus of discontent about the Union.

Austrians voted by an overwhelming two-thirds majority a year ago to join the EU, but opinion polls currently show that less than 40 percent would vote to join now.

European Union events scheduled for Tuesday:

STRASBOURG: Session of European Parliament and meeting of European Commission.

LUXEMBOURG: The commissioner for Relations with other European Union Institutions, Marcelino Oreja, takes part in a session of the group preparing for the 1996 intergovernmental conference on reforming European institutions.

BRUSSELS: The European monetary committee completes its second day of meetings on monetary union.

STRASBOURG: The president of the European Monetary Institute, Alexandre Lamfalussy, presents his annual report to Sources: Agence Europe, AFP...

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INTERNATIONAL

BOSNIA: Fears for the Hostages

Continued from Page 1

changed." Western officials said it appeared that Mr. Karadzic and his military com-mander, General Ratko Mladic, had concerns over what role the new rapid reaction force set to deploy in central Bosnia would play within the UN mission here.

Initially portrayed by the French Defense Ministry as a force capable of blasting land corridors through to surrounded mainly Muslim towns like Sarajevo and Gorazde, it is now being described as "a reservoir" on hand for isolated emergencies but unlikely to be used en masse. The most extreme such emergency would be a withdrawal of the 22,000 UN troops from Bosnia.

Moreover, after protracted Sarajevo office of the UN High discussions about a new UN Commissioner for Refugees, mandate and repeated statements that the status quo is un-flour dispatched Wednesday acceptable, the revamped man-date may not look very Muslim enclave of Zepa never different from the old one, offi- arrived. Instead, after a five-day

curious official aim of the United Nations mission in Bosnia.

The main change in the new mandate would be the addition of the rapid reaction force, which will be under UN command but may end up doing very little.

However, the difficulties of even maintaining the UN mission as it operated before have been thrown into sharp relief in recent days.

An essential part of that mission is to protect aid convoys and ensure they reach their destination. But unable to move through Bosnian Serbian territory - 70 percent of Bosnia after three years of war - the peacekeepers bave been reduced to virtual paralysis.

Karen AbuZayd, head of the Sarajevo office of the UN High said Monday that 72 tons of cials here said. Indeed, the "sta-odyssey, it had to be handed tus quo ante" is the now the over to the Serbs.

By Michael Dobbs

New York Times Service

WASHINGTON - Determined to avoid a crisis in the North Atlantic alliance and the "Americanization" of the bloodiest conflict in Europe since World War II, the Clinton administrapersuade the United Nations to punish the Bosnian Serbs for violating oumerons Security Council resolutions in the

former Yugoslavia. After NATO warplanes bombed a wills" between the international com- sonnel. munity and the Bosnian Serbs.

Judging by the events of the last ruled out retaliation for the downing week, and in particular a UN decision of the F-16. Saturday to sharply scale back the protection of UN-designated "safe areas," talk about belping the protection of the first phase of this trial of strength retrieve its squandered credibility. In private, however, they say American leverage is limited, given Washingtoo's leverage is limited, given Washingtoo's who responded to the air strikes by taking hundreds of UN peacekeepers

Fearing a new confrontation with dragged into the conflict. the Serbs, Western governments have

more muscle to the 22,500-strong UN Protection Force in Bosnia.

Plans to push a protected supply route through to Sarajevo have been shelved; humanitarian convoys still are not getting through to Muslim ention has backed away from attempts to claves in eastern Bosnia, and the beavy weapons exclusion zooe around Sara-

NEWS ANALYSIS

Serbiao ammunition dump three jevo has effectively ceased to exist. weeks ago at the request of UN com- American officials concede that the air manders in Sarajevo, administration strike option has been "frozen" as long officials predicted a prolonged "test of as the Serbs continue to hold UN per-

U.S. officials have not, bowever,

In public, American officials still long-standing refusal to contribute ground troops and the fear of getting

The war in Bosnia has caused the

abandoned many of the ideas they gravest strains in NATO since Suez," mated \$1.8 billion, it could easily turn themselves put forward for providing said a senior administration official, into a disorderly and politically empressed to the 22 500-strong LIM referring to the Politic to the Pol referring to the British and French barrassing retreat. seizure of the Suez Canal in 1956 against the wishes of Washington, exit strategy from Bosnia, the adminis"But there will be no crisis in NATO, tration is trying to prevent the war

> acknowledge that the UN Protection Force is "not going to go to war" even trated by the blizzard of criticism from if the Serbs choose to further escalate Capitol Hill and the media, much of

> The Clinton administration is desforces, because it would almost certainly involve the dispatch of up to 25,000 American 25,000 American troops to Bosnia. President Bill Clinton has pledged the United States would provide about half the troops needed for a pullout.

If that should happen by the end of the year, it could lead to a high risk of American casualties in the politically sensitive period leading up to the New Hampshire presidential primary next February. Although enormous effort

In the absence of a clearly defined because we have taken the decision from spreading to neighboring Mac-chat NATO comes first." Although U.S. officials insist it is nite a general Balkan war, involving "premature" to say the West has Greece and Turkey, NATO allies of thrown in the towel in Bosnia, they are noticed that the towel in Bosnia, they

Administration officials are frustrated by the blizzard of criticism from which they regard as uninformed and irresponsible.

"People want a clean resolution of

It is fine for people on the Hill to say withdraw Uoprofor and arm the Muslims," the official said. "But with Unprofor gone, the enclaves would be undefended. Sarajevo might also fall. If Unprofor pulls ont, the pressure will come on the U.S. to protect the Mus-

The problem with the administrahas gone into planning the extraction tion's approach, according to critics, is operation, which would cost an esti-

West Pulling Back in 'Test of Wills' With Bosnian Serbs

NATO diplomat "Unprofor is doing less and less. It is a huge expense -\$1.6 billion a year — more than half the total UN peacekeeping budget. If the peacekeepers can't carry out their mandate, their presence makes no sense. On the other hand, withdrawal is so unpalatable that people do not want to accept it."

The emerging Western strategy in Bosnia is to keep Unprofor in place for another three or four months, and use the intervening period to negotiate a peace settlement with the Serbian president, Slobodan Milosevic, Washngton is willing to offer Mr. Milosevic a significant easing of UN economic sanctions in return for a recognition of Bosnia and abandonment of his dream of a "Greater Serbia."

According to U.S. officials, the deal is close to completion. Mr. Mikosevic, however, is holding out for more concessions in the belief that his hand has been strengthened by his success in persuading the Bosnian Serbs to release most of their UN hostages.

JAPAN: In a Most Apologetic Country, Sorry Isn't Uttered About the War AUTOS:

Continued from Page 1 apologize for the war is that it does not fit the pattern of dayto-day apologies. Those apologies are not so much about remorse as about avoiding confrontation and blame, said Dr. Masao Miyamoto, a psychiatrist and social critic.

"In Japan, confrontation is a taboo, and desire to avoid confrootation is the most important element in society." Dr. Mivamoto said.

Instinctive apologies do seem to reduce confrontation, ln contrast to the United States, where a fender-bender often ends up with each driver blaming the other, in Japan, both drivers get out and bow their apologies, although the one at fault should bow more deeply.

Apologies as a means to avoid clashes, though, apply to social relations, not to diplomathat an apology cannot avert, parents and emperor. then in any case there is no need to grovel - witness Japan's firmness in the present trade

dispute with Washington. "There is a huge gap between daily life and the political structure," said Masaharu Hishida, a professor of international affairs at the University of Shizu-

It is customary in Japan to apologize oot only for oneself but also for colleagues or family members. An elderly man, complimented on the fine dinner he is serving to guests, might shake his head and respond: "My fool of a wife made this inedible food, It'll make your mouth dirty.

But passage of the war resolution means oot apologizing for ooe's present relatives but

AFL-CIO Chief, Facing Opposition, to Step Down

WASHINGTON — Lane Kirkland, the embattled presi- of their own. deot of the AFL-C1O, anoounced Monday that he would step down, setting off a power struggle to succeed him betweeo his loogtime deputy,

Thomas Donahue, and rebellious union leaders backing ooe

Mr. Kirkland said he would recommend that the labor federation's executive council appoint Mr. Donahue to serve the remainder of his term.

cy. And once there is already a for those occupying a special war has to do with what scholdiplomatic confrontation, one place in the Japanese pantheon: ars say is one of the sharpest

This relates to the mentality of ancestor worship," said Susumu Oda, a professor of psychiatry at Tsukuba University.
"Some Japanese feel that it would be sinful to apologize for World War II, because they would be blaming their ances-

Filial piety is a special virtue in East Asia, and traditionally Japan and China were steeped in such tales as the one about the man who slept naked so that mosquitoes would bite him instead of bothering his parents in the next room.

Today's Japanese may be more likely simply to install screens in their parents' windows, but they are still filial enough to feel uncomfortable about condemning the cause for which parents or grandparents fought and perhaps died.

Likewise, the war was fought in the name of Emperor Hirohito, who was regarded as a divinuntil the end of the war. Some elderly people regard an apology for the war as an act of lèse-majesté.

A final explanation for the reluctance to apologize for the oced to apologize."

distinctions in Japan, the one drawn between the in-group

and the out-group. There is no out-group more distant from the traditional Japanese beart than Chinese or Koreans. Psychiatrists say that may help explain the reluctance to apologize to Chinese and Koreans, as well as the cruelties in-

Moreover, polite expressions and apologies are normally directed at people of equal or Mickey Kantor, the U.S. trade greater status, oot at someone representative, and there is lower on the social totem pole. some coocern that cordial rela-So some scholars say the reluctance to apologize has to do with a cooventional view that Chinese and Koreans are of

flicted on them in the first

are second-class citizens," said Kim Myong Chol, an ethnic Korean who was born in Japan and oow works as a translator last week negotiating an agreeand writer

lower status, making it demean-

"If they decide someooe is higher, they are ready to apologize, to kneel down. But for Asian people they doo't feel any

Continued from Page 1

Brittan, the European Union's trade commissioner, are playing a game of finesse, trade experts

here say. Europe sees the new World Trade Organization as its strongest means to influence world trade policy, primarily because the managing director, Renato Ruggiero, was the European Union's hand-picked choice.

European trade officials have experienced some friction with some coocern that cordial relations between Mr. Kantor and Sir Leon could turn sour, just wheo the two sides are begin-ning to talk about the possibility of a trans-Atlantic free trade ing for Japanese to apologize to agreement.

Yet a greater fear is that any "They feel that Asian people Japanese-Americao trade agreement would come at the expense of European automakers, so Sir Leoo was in Tokyo ment with the Japanese.

The agreement particularly Tada Kasu Sano, Japan's trade minister, arriving Monday in Geneva for talks on car trade. makes it easier for European automakers to get Japanese certification for sale of their cars. Previously, automakers had to ship models of cars they wanted to sell to Japan for extensive and expensive testing. Now, Japanese officials will come to

Europe to test the models. Auto makers like BMW, Daimier-Benz, Volkswagen and Volvo bave invested far more in sulate the reactor, its tomb and adjacent build-secret and barred its authors, a French-led consortium called Alliance, from speaking about it. Automakers like BMW, their own Japanese dealership octwork than the Detroit Big Three. As a result, Europe's market share in Japan is more than twice that of the United States, if Japanese-manufactured cars sold by American companies are included, and five times the U.S. level if only cars manufactured in the United States are included.

Sales of European cars in Jaand released in March. As governments, engineering firms and construction companies begin to spend serious money on the embryonie project, the main questions remain unanswered: How dangerous is Chemobyl to the world at large? How much will it cost to eliminate the dangers? pan are booming up 31 percent in the first five months of this year, to 84,904 vehicles, compared with the same period in 1994. to eliminate the dangers?

"Europeans who have made the effort to get in there are being successful," said Mr. Rosenstein, the spokesman for the European automakers group.

Ex-Pinochet Aide Reportedly Tries To Avoid Arrest

Compiled by Our Staff From Dispatcher
SANTIAGO — A former secret police chief facing prison for ordering an assassination in Washington reportedly went to an army base during the week-end to avoid arrest, but he left

after several bours.
Retired General Manuel Contreras entered the Sangra regiment base, 1,160 kilometers (715 miles) south of Santiago, with the authorization of the corresponding military authority," the Chilean Defense Ministry said in a statement.

It did not elaborate, and the government refused further comment. General Contreras's son, also named Manuel, said his father went to the base when the police entered his farm and shots were fired. The police de-

"All reports of movements of security personnel and presumed confrontations yester-day night on Cootreras's farm are absolutely false," said a gov-ernment spokesman, José Joaquin Brunner.

General Contreras, who was chief of the DINA secret police under the former military ruler, General Augusto Pinochet, was convicted in the 1976 car-bomb assassinatioo in Washington, D.C., of Orlando Letelier, a prominent Pinochet foe.

The Supreme Court ordered on May 30 that General Contreras serve a seven-year prison term. He has said repeatedly that he will not surrender.

(AP, Reuters)

REACTOR: Chernobyl Still Poses 'Serious Dangers' Northern Ukraine soffers few earthquakes, and such a severe one is seen as highly unlikely. The report does not specify what other "major natural events" might cause the tomb to collapse.

The European Union has kept the main study

The EU's secrecy "is a great mistake," said Georgi Kopchinsky, a former safety official at Chemobyl who now heads a nuclear safety consulting firm in Kiev. "There are serious dangers at Chemobyl - first the sarcophagus and then the operating reactors," he said.

According to Mr. Kopchinsky and other specialists, most of the risks at Chemobyl threaten Ukraine itself and neighboring Belarus, and not the continent-sized area that was irradiated in 1986 when a nuclear fire burned for 10 days and spread a radioactive plume over Europe.

"If the tomb collapses, the cloud of dust would be more momentary and passive, and would fall more quickly around the plant," said Patrick Michaille, director of the Kiev office of Riskaudit, a French-German ouclear safety consulting

The largest long-term problem is "the move ment of contamination by underground water," according to a report released in April by the French government's Institute for Protection and Nuclear Safety.

While large sums are being spent by the European Union and others to assess the tomb's condition, "no equivalent has been undertaken concerning the risks of underground contamination," the French institute said.

FUEL: U.S. Uranium Deal With Russia Is Unraveling

Continued from Page 1 nounced by the Bush adminis-

major natural events."

Continued from Page 1

years to complete.

cost billions of dollars and take perhaps 100

ings. Inside, a work force of robots would break

through the tomb and, in an atmosphere poison-

ous with radiation, spend decades removing a

virtual mountain of waste. No one yet knows

"Toxicity and radioactivity will remain for hundreds of thousands of years," said a summa-

ry of a preliminary study on the cleanup. "The

containment of such debris for such periods is

well beyond current knowledge and experience."

The study was funded by the European Union

The EU summary report said the tomb could collapse in a severe earthquake or "any other

It also said that the building adjacent to the

destroyed reactor, a tall structure topped with a chimney and called "Block B," could collapse in

an earthquake measuring 6 or 7 on the Richter

scale. That would likely cut off cooling systems

to Reactor No. 3, which flanks Block B to the east, risking a meltdown in its core and a catastrophe similar to that of 1986.

how or where it would be stored.

tration in August 1992 and was carried forward by the Clinton administration, which negotiated a detailed contract in 1993. The deal, a high point of nu-clear disarmament at the end of

the Cold War, represents a substantial part of the Russian nuclear arsenal, but far from all of it. Russia is estimated to have 1,200 metric tons of bombgrade uranium, as well as 170 metric tons of plutonium, the other critical ingredient for making warheads. Even so, 500 metric tons is enough to build more than 30,000 bombs as powerful as the one dropped on Hiroshima - and enough to run the 109 operating nuclear power plants in the United States for about a decade.

After many delays, a small initial shipment of less than a ton of the Russian uranium is expected to arrive in the United States this month. This is part of an initial order of six tons, but private experts say the pros-pects for significant deliveries beyond that are dim

The accord is lost in a "quagmire of incompetent implementation" and is "in danger of coming completely undone, Richard A. Falkenrath, a fellow at the Center for Science and International Affairs at Harvard University, concluded.

develop a position on what steps to take and appears leary of speaking out. Senior officials were confacted at the State, En-ergy and Defense Departments, but only dequires would to the but only deputies would talk and then only on the condition of anonymity, saying some analysts were overstating the prob-leans and that remedies in any event were sure to be found.

But they added that no consensus exists on what steps to sensus exists on what steps to take while insisting that a solution is reachable if only because the stakes for national security are so high.

"Hard things can be made to work," said a State Department official who is laboring on the issue. "This is worthwhile. It's worth mitting a lot of effort

worth putting a lot of effort

An official at the Energy Department said: "The situation's not simple. This is the only real money in the U.S.-Russian relationship. It's high stakes because of the big money and it's complex because of all the different constituencies involved. But I don't think things are as bad as people say. Like any-thing else, the devil is in the details, and we're working on

Some analysts say one trouble is that the deal tries to mix private gain and public policy. A federally owned corporation,

The administration has yet to thesda, Maryland, which was chosen to carry out the deal, is deadlocked with the Russian Ministry of Atomic Energy over pricing, with no signs of com-

> "Serious difficulties bave arisen in the way of meeting the original expectations of both parties," Victor N. Mikhailov. ad of Russia's Ministry of Atomic Energy, said last week in a letter to Lynn E. Davis, under secretary of state for international security affairs.

More broadly, many analyst say the deal was problematic from the start because it was 50 novel, involving substantial transfers of nuclear material rather than its disposition by individual states, as in more usual forms of arms control.

Iran Reported Ready To Drop Rushdie Issue

BONN — Iran, seeking to avoid isolation after a U.S. trade embargo imposed io April is ready to end its conflict with Europe over the writer Sal-man Rushdie, Iran's ambassador in Bonn said Monday.

Hossem Mousavian also group to resist anticipated appeals for an embargo.

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Lagos Shuts to Mark Annulled 1993 Vote

LAGOS - Security forces patrolled the streets of Lagos on Monday as thousands of workers stayed at home in a protest marking the second anniversary of an annulled presidential elec-

Pro-democracy groups arged peaceful protests and a general strike to mark the second anniversary of the aborted presidential elections, and the strike call appeared to have been widely observed.

Lagos's streets, known for nightmarish traffic jams, were nearly descrited, and the central business district was quiet. The drive from the suburbs to the center, which usually takes at least an hour, took 20 minutes.

Banks and government institutions were open, but most markets and private businesses stayed closed either because people supported the strike call or feared opening their doors.

Some merchants sat inside their locked shops, peering into the sky at the occasional helicopter swooping over the city or watching soldiers and policemen operate roadblocks at majet intersections.

"Many people are staying away," said a clerk at a virtually campty commercial bank in cen-tral Lagos.

Oil companies, however, said they were operating normally.
Unlike Sunday, when police
waved these pistols in frightened motorists faces, the mood
Monday was relaxed. Tanks
and other armored vehicles were at the coadblocks but were not rolling through the streets. A crackdown that began sev-

eral weeks ago virtually guaran-teed that the June 12 anniversa-ry would pass quietly. General Sani Abacha's hard-line government arrested scores of opponents before the anniversary, mostly leaders of the country's numerous pro-democracy

Moshood K.O. Abiola, the business magnate believed to have won the poll, is now in jail and on trial for treason after declaring himself president last year on the anniversary, in defiance of the military.

Last-year; dozens of people were killed in protests, mostly in Chief Abiola's southwest home region.



BOOKSTORE FOR A SOUTH AFRICA TOWNSHIP — Barbara Malk and Soloman Sikakara preparing to open their jointly owned bookstore in the huge black Soweto township near Johannesburg. The partners plan to target young readers to develop a "culture of learning." About 80 percent of the black population reads below the seventh-grade level.

Somali Warlord Loses Leadership as Faction Follows Ex-Ally

Compiled by Our Staff From Disputches MOGADISHU, Somalia -General Mohammed Farrah Aidid, the Somali warlord who humiliated UN forces in Mogadishu, has been toppled as chairman of his faction by his former right-hand man, party

members said Monday. But it was too early to count General Aidid out despite his loss of control over the United Somali Congress/Somali National Alliance. He told the members who remained loyal to him that a government of national unity would be estab-

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lished soon by an ongoing con-ference in southern Mogadishu. A vote against General Aidid, 60, was taken Sunday in ponents within the group.

General Aidid was replaced by a former ally and financier, Osman Hassan Ali Atto, who accused him of frustrating efforts to rebuild Somalia and rebuild the nation. "We will give them a guaran-

Mogadishu at a congress of the tee of security," Mr. Osman organization called by his op- Atto told the 2,000 members attending the congress in a dis-trict known as Bosnia. There was no immediate comment from UN officials.

Mr. Osman Atto said General Aidid's mandate as chairman led troops trying to arrest him.

urged the United Nations and expired more than a year ago. aid agencies to return and help But General Aidid still has significant support among his Habre Gedir clan, which is split between the general and his challenger.

Two years ago General Aidid dogged the United Nations as

As his supporters killed dozens of peacekeepers, the UN manhunt bolstered his standing among Somalis and entrenched him as the most powerful warlord from his hase in southern Mogadishu.

The congress oo Sunday folhe defied UN forces trying to lowed a three-week central restore order in Somalia and committee meeting by the fac-evaded a costly hunt by U.S.-

Mr. Osman Atto broke with General Aidid before the evacuation of the last UN troops from Somalia last March. General Aidid has refused to

recognize the meeting, calling it "foreign-manipulated." But he has stopped short of direct conflict with Mr. Osman Atto's forces, whom most Somalis believe have greater fire power.

Masaya Hanai Dies at 82, Led Toyota to a Dominant Position

TOKYO - Masaya Hanai, 82, a former chairman of Toyota Motor Corp., one of the world stop three automakers, died Santiglay of kidney failure. Mr. Jamai became director

of Toyota in 1959 and was instrumental in helping the company become one of the world's and stand up to increased commost competitive antomakers. in the 1900s he played a ma-

jor role in building Toyota's cartel-like structure of mutually dependent suppliers, financiers and manufacturers that has become characteristic of Japanese export industries. In the 1970s, his policies helped Toyota become efficient

enough to survive the oil crises petition. "Mr: Hanai retired to the post Sales Co. merged to form death was oot disclosed. Toyota Motor Corp.

A. Benedetti Michelangeli, **Acclaimed Classical Pianist** LUGANO, Switzerland (AP)

mances and recordings, has and Rachmaninoff.

of adviser in 1982 when Toyota died at age 75, his physician Motor Co. and Toyota Motor said Monday. The cause of Mr. Michelangeli was per-

haps best known for his interpretation of Romantic music, hut his recordings, many of which have been reissued oo Arturo Benedetti Michelan compact disk oo various labels, geli, a reclusive pianist ac- range from Bach, Mozart and claimed by critics for his perfor- Beethoven to Debussy, Chopin

Estelle Brody, 94, an American-born movie actress whose screen career started in British silent films in the 1920s before the advent of the talkies, has died in Malta of an undisclosed cause

Mooroogiah Naidoo, 75, South African anti-apartheid activist who spent 14 years in exile, died of emphysema June l in Durban, South Africa.

Court Strikes a Blow At U.S. Assistance to **Minority Businesses**

WASHINGTON - The Supreme Court dealt a potentially crippling blow Monday to fed-eral programs offering special help to minorities, ruling that Congress was limited by the same strict standards as the states.

In a splintered and complex 5-to-4 vote in a Colorado case, the court stopped short of striking down a federal program that offered special help to small businesses owned by racial and ethnic minorities.

It sent the Colorado case back to a federal appeals court to further study whether a federal program to help minority businesses unlawfully discriminated against white-owned companies.

"Federal racial classifications, like those of a state, must serve a compelling governmental interest and must be narrowly tailored to further that interest," Justice Sandra Day O'Connor wrote for the court.

In another important decision, the justices ruled that court-ordered school desegregation plans could be ended even if student test scores still fell short of national oorms. The justices ordered a lower court to restudy the Missouri case.

The affirmative action ruling's impact appears to jeopardize programs under which federal agencies award more than \$10 billioo a year in contracts to minority-owned firms in compliance with congressional directives on affirmative action.

Those programs have come under attack as fostering "reverse discriminatioo" against whites and husinesses owned by them.

The court signaled a funda-mental shift in the way it evaluates federal affirmative action programs by subjecting them to already applies to state pro- schools from suburbao disgrams to help minorities. That tricts. standard, called "strict scrutiny," allows race-based preferences only if they are narrowly tailored to address identifiable past discrimination.

Very few laws or government such as janitors.

programs have been ruled conthe "strict scrutiny" standard that the high court is now ap-plying to all federal programs that take race into consideration.

Since a key 1980 decision called Fullilove vs. Klutznick, the court had used a more lenient standard of review in judging congressional attempts at affirmative action.

On Monday, the court appeared to overturn the 1980 decision, as well as its own 1990 decision that had allowed federal officials to favor minoriues in awarding broadcast licenses.

The Colorado dispute centered on a program for award-ing federal highway contracts.

Through the Small Business Act, Congress requires government agencies to use their purchasing power to help small businesses. Historically, disadvantaged people receive special

In deciding that court-or-dered school desegregation plans could be ended even if student test scores had not reached national norms, the court ruled that minority student achievement should be considered only as it related to the effects of past segregation.

The court ruled 5-to-4 in a case in which Missouri seeks to stop paying for a costly part of Kansas City's court-ordered desegregation program.

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The justices ordered a lower court to restudy the case.

'Insisteoce upon academic goals unrelated to the effects of legal segregation unwarrantably postpones the day" when the Kansas City school district "will be able to operate on its own," Chief Justice William H. Rehnquist, wrote for the court.

The justices said a federal court went too far in ordering a desegregation plan designed to the same, stricter standard it attract students to Kansas City

The justices said the lower court overstepped its bounds in ordering the state pay increases for the Kansas City district's mooinstructional personnel,

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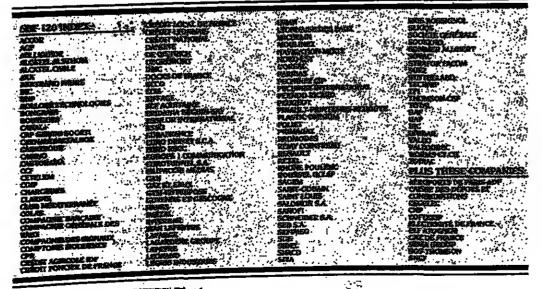
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The International Herald Tribune, in co-operation with the Inter-American Development Bank and the Institute for European-Latin American Relations, is convening a timely conference on "Mercosur: Investing in Infrastructure." The conference will take place in Iguaçu, Brazil, on November 27-28, 1995 and will offer an exceptional forum for foreign investors wishing to profit from Mercosur's vast potential.

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A Nation's Vague Regret

parties of Japan's ruling coalition at last North America. It is still, for understandagreed that Japan feels hansei, a quiet able reasons, a nation-state of an older remorse, for what it did in World War II. type. The vivid sense of national identity The remorse, they say, is fukai, deep, but to which the Japanese cling — their they insist on putting it in the context of uniqueness, some of them would still call

opposition, the lower house of Japan's of the world. Parliament on Friday approved this vague expression of regret, and opinion polls ogy that most of the rest of the world - of nationhood as its foundation stone. above all the war's Asian victims - have

long been hoping for.
Why is Japan so much more reluctant than Germany to admit that it was wrong nation-state was not shattered by the half a century ago? Because, say some, horrors of World War I. Even the shock half a century ago? Because, say some, horrors of World War I. Even the shock the victors of the Second World War of nuclear defeat in 1945 was not never cleansed Japan after 1945 as thorquite enough. In the countries around oughly as they cleansed Germany. The the North Atlantic, the old nationalisms Japanese were not made to realize what have since 1945 slotted themselves tothey had done. This is, at best, only part of the explanation.

It is true that Japan's emperor kept his throne, if not his divinity, that the Japanese, unlike the Germans, did not rewrite their national anthem; that the swastika was expunged but the Rising Sun still rose. In the essentials, though, Japan was treated as firmly as Germany after 1945. The worst war criminals were brought to justice. The constitution was rewritten. The old political order was demolished and a multiparty democracy installed. Greater lenience by the victors does not truly explain why Japan is so stubbornly slow to say sorry.

The real explanation lies in Japan itself. This country is not, or not yet, quite be fully ready for the 21st century. the same son of place as Germany or the

It is a very Japanese blur. The three other modern democracies of Europe and 'various ... acts of aggression in modern it — was sharpened by two extraordinary world history. 'To cries of anger from the centuries of near isolation from the rest

When the isolation ended and the Japanese began to "Westernize" themsuggest that most Japanese do not object. selves, 150 years ago, the new state they Yet this is not the straightforward apol- constructed needed that strong old sense

Unlike America, Japan did not open its doors to a flood of newcomers from abroad. Unlike Europe, its picture of the gether in organizations like NATO and the European Union and the new North American free-trade area. Across the Pacific, no such network of togetherness has yet been devised.

It probably will be, one day. The Japanese are changing. Their own society, the patterns of life within Japan, already reveal a new individualism that challenges the de haut en bas rigidities of the old Japan. The government's expression of regret about the war, woolly though it is, shows that Japan's relationship with the outside world is changing, too. This is a hesitant step along the road that Germany took a generation ago. But until Japan has completed that road, it will not

- INTERNATIONAL HERALD TRIBUNE.

Critical Nuclear Decisions

Last month, the Clinton administration used every diplomatic weapon at its command to secure permanent extension of nonnuclear countries taking part in the the treaty limiting the spread of nuclear negotiations would nightly see them as weapons. The treaty not only commits undermining the comprehensive test ban nonnuclear countries to refrain from de- principle and might well refuse to go along. veloping weapons. It also commits coun. Advocates of the higher threshold hope to tries that have the bomb to move toward a persuade Bill Clinton before he meets comprehensive test ban and eventual nuclear disarmament. At the time, some nonnuclear states worried that the five ject their recommendations. declared nuclear powers — the United States, Britain, France, Russia and China - would not keep their end of the bargain. Decisions now pending in Wasbington and Paris will demonstrate whether those worries were justified.

To gain extension of the nonproliferation treaty, the five declared powers United States, Britain and Russia, though pledged to finish negotiations on a test not China, have voluntarily suspended ban treaty by next year. The Clinton ad-their testing programs as they negotiate ministration defined a comprehensive toward a comprehensive test ban. test ban as permitting only extremely low-yield underground tests. But Pen- would be a sign of contempt toward the tagon officials are pressing the White nonnuclear countries and would further House to revise its negotiating position to set back the test ban talks. Washington permit more powerful explosions. They and Paris ought to reread the commit argue that higher-yield tests produce in-ments their representatives made only a formation that is oeeded to assure the month ago when more than 170 countries safety and reliability of America's nu- approved extension of the nonproliferclear weapons. Experts at the Energy ation agreement. To turn around now and Department, which has primary responses seek more and bigger nuclear weapons sibility for nuclear testing and manages tests would be a betrayal of the treaty. the nuclear weapons labs, do not agree.

- THE NEW YORK TIMES

Higher thresholds would be easier for nuclear powers like France to accept, But France's new president, Jacques Chirac, in Halifax this week. Mr. Clinton should re-

Meanwhile, Mr. Chirac faces a critical nuclear decision of his own. Last week his defense advisers recommended that France resume underwater nuclear tests in the South Pacific, which have been suspended since 1992. Mr. Chirac has been noncommittal on the testing issue. The

For France to resume testing now

Sir Nicholas Henderson, the former British ambassador to Washington, calls the situation of the main plank of U.S. foreign policy for the last 50 years.

NEW YORK — The United
States will never — unless
Patrick Buchanan, the Republican involved in collective security. trate on improving things at home
The United States stands 20th on — a desire justified by the neglect way - return to the isolationism

of no "entangling alliances." It will continue to accept international political, economic Bangladesh, Ghana and Nepal. and military commitments unprecedented in its history.

It will even enlarge some, as in the curious mania to expand NA-TO, which would commit U.S. forces to the defense of Eastern Europe from, presumably, the menace of a Russian Army that cannot even beat Chechnya.

But such enlargement hinges on the assumption that other nations will do as America tells them. The isolationist impulse has risen from the grave, and it has taken the new form of unilateralism.

The Clinton administration began by basing its foreign policy on the premise that the United States could oot solve the world's troubles all by itself. "Many of our most important objectives," Secretary of State Warren Christopher said, "cannot be achieved without the cooperation of others."

The key to the future, in the Clinton view, was collective acdon through the building of in-ternational institutions and through multilateral diplomacy.

But the incentives for interna tional collaboration have faded. The Republicans' capture of Congress gave unilateralism new

force and momentum. In a perhaps ill-judged attempt at conciliation, President Bill Clinton restricted U.S. participation in collective-security operations and declared that "the United States does not support a standing UN army, nor will we earmark specific U.S. military units for participaoon in UN operations.

Predictably, this retreat failed to appease the House speaker, Newt Gingrich, who promptly accused Mr. Clinton of a continued desire "to subordinate the United States to the United Nations,'

Nor did it appease the Senate majority leader, Bob Dole, who argued that international organizations too often "reflect a consensus that opposes American interests or does not reflect American principles and ideals."

The House has already passed a Gingrich-backed bill that would cut financial support for current UN peacekeeping operations by more than \$1 billion and limit the president's ability to approve new peacekeeping missions. This would eviscerate the American role in collective security.

For its part, the Senate is considering Mr. Dole's Peace Powers Act, which would amend the UN Participation Act of 1945 to give Congress a statutory role in the relationship between the United States and the United Nations.

Among other things, the bill would generally forbid U.S. troops to serve under foreign commanders and, in the words of The Washington Post, "would make it difficult if not impossible for the president to commit U.S. troops to new or expanded UN operations or even continue support for on-

going activities."
"The American people," Mr.
Dole says. "will not tolerate American casualties for irresponsible internationalism."

'the rejection by the Republicans It is not as if America is deeply

the list of nations making troop contributions to UN operations, behind such world powers as

Despite the popular impression that foreign aid is a major charge on the budget, the United States, once the world's top aid donor, has cut its allocation to a mere 0.15 percent of its gross domestic product, placing it last among the 21 leading industrial nations.

Nor can it be said that this recoil from collective security misrepresents popular sentiment. A public opinion survey by the

Chicago Council on Foreign Relations and the Gallup Organization shows that, while Americans are still ready to endorse euphonious generalities in support of internationalism, there is a marked drop-off when it comes to committing money and lives.

The wave of neoisolationism draws strength in part from the understandable desire to concen-

of domestic problems during the

Reagan-Bush years. The neoisolationist enthusiasm also results from waning popular confidence in the bureaucracy, competence and peacekeeping skills of the UN. It draws strength from the recoil against all-out internationalists, who would set America on a crusade to establish human rights and democracy.

Neoisolationism gains further support as America - indeed, all nations - confronts the ultimate price of collective security. For the essence of collective security remains, as Churchill said, the readiness to act against evildoers by force of arms.

Denied military enforcement, and with economic sanctions of limited effect, the international community's effort to restrain aggressors becomes hortatory.

Are Americans prepared to take a major collective-security role in realization today as it was threeenforcing the peace system? How quarters of a century ago.

to persuade the housewife in Xenia. Ohio, that her husband, brother or son should die in Bosnia or Somalia or some other place where vital American interests are not involved? For that matter, how many stalwart internationalists in the Council on Foreign Relations would send their sons to die in Bosnia or Somalia? Dying for world order when there is no concrete timeat to one's nation is a hard argument to make. And American

leaders are not making it. The United States has a professional army made up of volunteers - and the job, alas, may include fighting, killing and dy-ing. But let a few soldiers get killed, and the congressional and popular demand for withdrawal comes almost irresistible.

Surely this flinching from military enforcement calls for a reexamination of the theory of collective security. Despite two hot wars, a draining Cold War and a multitude of smaller conflicts, the Wilsonian vision is as far from

In the United States, neoisolationism promises to prevent the most powerful nation on the planet from playing any role in enforcing the peace system. If we Americans refuse a role, we cannot expect smaller, weaker and poorer nations to ensure world order for us. We will not achieve a new world order without paying for it in blood, words and money.

Perhaps America's leaders should put the question to the people: What do we want the United Nations to be? Do we want it to avert more killing fields? Or do we want it to dwindle into impotence, leaving the world to the anarchy of nation-states?

National interest narrowly construed may be the safer rule in an anarchic world. But let us recognize that we are surrendering a magnificent dream.

The writer is professor emeritus in the humanities at the City University of New York. This was adapted by The New York Times from the forthcoming issue of For-eign Affairs.

Israel: The People Speak and the Signs Improve

Israelis and Palestinians.

The Israeli government has suddenly agreed to a quick hand- Palestinians on the West Bank elected Palestinian government on the West Bank. This is a big change in Israel's policy, and suggests that Prime Minister Yitzhak Rabin and his government realize that the slack pace and plodding concessions of recent negotiations jeopardize the great opportunity Israel now mation, shows that each side municipal affairs directly possesses to rid itself of the overestimates the intransigence neighborhood councils. country's destructive and demoralizing struggle with the displaced Palestinians.

that has just taken place in the able to the other side. opposition Likud party, between its members of North African European membership. The pre-

Sill Day Hart The Procession

DARIS — There is a slim beam of light in the dark skies over Israel, affording some optimism about accord between on the Palestinian issue.

By William Pfaff

moment when Mr. Rabin can Jerusalem they lost in 1967.
Their second choice is that What do people in Israel want - Israelis and Israeli Arabs, and over of all civilian powers to an and in Gaza? A new opinion poll Jerusalem and exclusive Paleson the future of Jerusalem shows less intransigence on both sides tinian neighborhoods.

than often assumed. The poll, conducted in late May by Gallup Israel and the Data Research Center in Bethlehem for the Israel/Palestine Center for Research and Inforof the other side.

It also shows that both sides recognize that their own first-The move clearly seems in-uenced by the explosive split are overwhelmingly unaccept-cent of the total, with 61.5 percent fluenced by the explosive split are overwhelmingly unaccept-

This means that while Israelis would much prefer an undivided and Mideastern origins and its Jerusalem under their own sovereignty, a sizable part of Approval for the sharedsent Labor government is a good Jewish opinion is ready to con-deal more likely to survive next sider other solutions. Palestini-neighborhood-government soluyear's national elections if this ans recognize that they are not Likud division holds. Now is a going to get back the parts of port from West Bank Palestinians

Their second choice is that Jerusalem be partitioned, with Israeli sovereignty over Jewish neighborhoods in East and West tinian sovereignty over Pales-

They like that solution marginally better than a solution by which Jerusalem would remain undivided, under joint Israel-Palestine sovereignty, as the capital of both states, with its mation, shows that each side municipal affairs directed by The poli found that those

Palestinians favorably disposed partition and separate of West Bank Palestmians expressing some favor for this solution. Only 19.3 percent of the. Palestinians in Gaza support it.

at 58 percent, and among those in Gaza about 24 percent.

Among Israelis, support for undivided Israeli sovereignty over all of Jerusalem totals 76 percent. However only 15 per-cent believe that the Palestinians would accept this. In fact, only 9.2 percent of the Palestinians say they would do so.

Forty-four percent of the Israelis polled support the idea of split sovereignty over a divided city. Fifty-one percent think Palestinians would accept this (and more than 46 percent say they would). The Palestinians think only 39.4 percent of the Jewish population would accept split sovereignty, a significant underestimation.

Only 13 percent of the Israelis polled like the idea of shared sovereignty, a shared capital, and neighborhood government for the city. They think 54 percent of the Arabs would favor this. Only 46 percent actually do.

is that while 67 percent of the Palestinians would like to go back to the pre-1967 borders, only 15.4 percent think there is any chance the Israelis would accept this (only 10 percent of the Israelis would), and while over three-quarters of Israelis would like to keep total sovereignty over all the city, only 15 percent think this acceptable to the Palestinians (the actual figure is 9.2 percent).

Both sides overwhelmingly reject the idea of an internationalized city under UN control.

realism on both sides. People see that second-best solutions are all they are going to get. This, for Israelis and Palestinians, would be a city divided into Jewish and Palestinian neighborhoods, under

Thus the argument really is over second choices, and among the two apparently available second choices the partition option has support in both camps that approaches 50 percent.

Los Angeles Times Syndicate.

A Good Sign for Hong Kong

While Hong Kong is not quite a democracy, as a British colony it lives under a legal system as reliable as any in the world. When the colony is transferred Although Hong Kong's Legislative the world. When the colony is transferred back to China's jurisdiction two years from now, one crucial question will be the future of the law. Optimists hope that the new rulers will permit the present structure to go on operating, continuing the enormous economic benefits that a predictable and enforceable code brings. dictable and enforceable code brings, or record under the British. Pessimists assume that, under Beijing. Hong Kong law will soon resemble law elsewhere in China, always open to manipulation for political reasons or for serving special interests.

British and Chinese governments gives toleratea dual regime, with one system on some welcome encouragement to the op- the mainland and another in the former timists. At present, appeals from Hong colony. A dual regime would consotute a Kong's courts go to the Privy Council in threat to those people in China who like London. Attempts to set up a Court of Final Appeal in Hong Kong have been allows them to punish political dissenters. blocked by a long and complicated argument between the two governments. and enrich their families without fear of That has now been resolved. The pes- lawsuits. The agreement on the appellate simists had feared that Beijing would try court is an encouraging sign for Hong to limit the new court's jurisdiction solely Kong, though only that. Little has really to commercial issues. But under this deal been settled so far. it appears to extend to political and human

To get that assurance, the British had to concede an important point on timing. A lot of questions loom over Hong Kong

as it approaches this portentous transicion. but Beijing's attitude toward the courts and the law is probably the key one. That is where the world will find out most surely An agreement last week between the whether the Communists are prepared to intimidate critics, take care of their friends

-THE WASHINGTON POST.



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WASHINGTON — When the leaders of the Group of Seven industrial democracies meet a principal objective will be to assess the group's role in man-

aging the world economy. Were the assessment honest, the conclusion would be brief: The G-7 is dead in the water. Few in the general public will rieve over its difficulties, yet the lifelessness of the G-7 has large

practical consequences. The periodic meeting of the finance ministers and central bankers of Canada, France, Germany, Italy, Japan, Britain and the United States is the de facto steering committee for the world economy. The widespread perception in

international markets that no one is effectively minding the store erodes confidence throughout the world, and the risks to global prosperity and stability have already been amply apparent.

The world's recovery from the global recession of the garly 1990s was slow and weak, for example, despite the obvious opportunities for an internationally coordinated growth strategy, the success of such strategies in eurlier periods, and the efforts of both the Bush and early Clinton administrations to produce one.

Nor did the G-7 blow the whistle on the Mexican peso crisis before it erupted or mount a joint response, despite the severe impact of the event on countries as far away as Italy and Indonesia. At last year's annual meeting of the International Monetary Fund, the rest of the world repudiated the G-7 by rejecting its proposal to distribute special drawing rights, the international money created by

By C. Fred Bergsten

this week in Halifax. Nova Scotia. the IMF, to Russia and several rules or systemic arrangements.

In managing exchange rates, a special G-7 responsibility, the record has been equally weak. Every major currency has experi-enced at least one severe problem cue, and several European coun-tries abstained from the IMF vote in recent years without effective on the final package because they response, let alone preventive action. Japan's huge trade surplus resulted largely from the weakening of the yen that was allowed to occur in the late 1980s even as

had the Deutsche mark been reval-Britain and Italy tried to defend European Monetary System; France nearly had to follow.

This episode revealed once more how the G-7 is unprepared to exercise its responsibilities. It has neither staff nor institutional memory and refuses to draw systematically on the resources of the

IMF or anybody else.

So badly has the G-7 situation deteriorated that the United States feared a rejection if it asked for help with the initial Mexico res-

ept. Likewise, intervention to defend the dollar on several occasions last year was rendered ineffective because the United States had to go it alone. Tensions between the United States and Germany, and to a lesser extent between the United States and Japan, have become so acute as to make effective co-

operation impossible. Two sets of factors have en-feebled the G-7. One derives from perennial differences between the United States and Europe, especially Germany. Americans frequently seek to manage the world economy actively, tend to emphalem, at their April meeting in size reducing unemployment and Washington, they got it wrong by see economic leadership in global terms. Germans by contrast disdain "fine tuning," emphasize fighting inflation and confine their initiatives to regionally limited arenas. The German view is increasingly supported by the other Europeans and Japan. The end of the Cold War, by removing much of the glue that bound the G-7 countries in security arrangements, has brought these underlying differences to the surface. In recent years, however, the larger source of G-7 impotence is

a growing consensus among members that the group cannot It operates without any agreed influence events much anyway.

All members must reduce their body. The immense flows of pribudget deficits, so fiscal policy vate capital have intimidated officials from any efforts to or international economic management. Monetary policy is thus left as the only available tool for stimulating or restraining internal

vate capital have intimidated officials from any efforts to counter them. The G-7 countries thus seem to

have adopted a de facto nonag-

gression treaty, giving up any serious effort to critique each other or to work seriously together to pro-mote better global performance. The writer is director of the

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

NEW YORK — A despatch from McAlpine, Florida says that a ne-gro named Bill Collins was lynched yesterday [June 10], the charge against him being of an attempted aggravated assault upon a white woman. He was followed by a posse of citizens and shot dead. Two others who aided Collins to escape were also shot. The bodies of all three men were carried to a railway line and laid on the rails, where they were terribly mangled by passing trains.

1920: Harding Chosen

CHICAGO - Senator Warren G. Harding, of Ohio, was nominated to be Republican standard-bearer in the Presidential Campaign shortly after the convention reconvened this afternoon [June 12]. He showed a big gain on the ninth ballot, and immediately afterward

1895: Florida Lynching in favor of the Ohio Senator, and his nomination followed in the tenth ballot.

1945: Treaty Is Denied

LONDON - Prime Minister Winston Churchill denied in the House of Commons today [June 12] the allegations of Marshal Heari Philippe Pétain that Vichy and the British government had a secret "treaty" and that the Vichy regime actually was working with London. Even though a delegate from the Pétain administration did come. to London in October 1940, Mr. Churchill stated that this unnamed emissary arrived with no specific proposals about the French fleet or other matters in which the British government was vitally interested. nstead, the Prime Minister implied the Vichy emissary came to London on what appeared to be a spying mission. At this time Britain Governor Lowden released the sion by the German forces was a delegates who were voting for him daily threat.

ETTERS TO THE

Simble 11 C

The most significant finding

All this shows flexibility and divided sovereignty.

International Herald Tribune.

Like It or Not, a Lifeless G-7 Threatens the Livelihood of All

This is the first of two articles.

other countries. Japan's growing international competitiveness should have

strengthened the yen. Europe could have avoided much of its record unemployment ued after German reunification. their currencies at unsustainable levels and had to drop out of the

When members of the G-7 finally did address a currency probcalling for a reversal of the "de-cline of the dollar." The dollar has, of course, fallen sharply against the ven and the Deutsche mark, but it has risen against most other currencies. And with America's external deficit already at record levels, it is hard to argue

that the dollar is too cheap.

growth, so it too is unavailable for external purposes. The finance ministers bring

very little policy clout or flex-ibility to the table, while the central bankers guard their independence so jealously that they cannot be coordinated by any-

Institute for International Eco-nomics. He contributed this comment to The Washington Post.

OPINION/LETTERS

Very Nice, But Look Who Won

By William Safire

WASHINGTON — "We're not far apart," said Speaker Newt Gingrich.

'in general, I would agree,' said President Bill Clinton. That's the way it goes when two combative politicians are determined to out-nice-guy each other. They wore pillows

At their joint appearance in Claremont, New Hampshire, two men with basic differences in political outlook competed only in degrees of conciliation.
When the president fumbled

the opener, misunderstanding a somewhat foggy question about lobbying reform, the House speaker straightened it out without embarrassing any-

Mr. Gingrich even embraced blue-ribbon commissionism, a classic way to avoid controversy and accountability. Not until the subject of

Americorps came up did a emerge.
"I don't fault his vision,"

said the gentle Newt, expressing his preference for private charity, "but it's a question of philosophy and priorities."

Mr. Clinton then gave an unrebutted pitch for his subsidized voluntarism as "a tiny cost for comment fell flat.

a big gain."
When one of the elderly questioners raised the subject of the United Nations - where genuine and profound disagreewanted it known that "on a lot ping in a plug for his book, of foreign policy issues, we which gave the president a work very closely together" and saluted the president on his Haitian intervention.

The president noted that "the speaker has been very supportive of me on foreign policy, adding "we have to make his party somewhat less isolation-ist," and Mr. Gingrich seemed

What was going on here? Looking at it charitably, we saw a joint effort to replace the abrasiveness of political discourse with an effort by men of goodwill to minimize discord.

'Iust having your leaders chat instead of fight" was a relevance by engaging the man rarity of great value, one of them — it could have been ei-

This anti-partisan moment required the ritual condemnation of the news media as the the center against a man he

Mr. Gingrich expresses the opinion that the presidency is relatively less important" than the legislative branch...



source of all the mean-spiritedness in politics today.

The media-driven need for sound bites makes them do it, they held; only in serene New mpshire, world center of democratic folksiness, where people have time for town meetings, could such an exploration of agreement flower. There is much to be said for civility, and broadcast TV networks should have carried this

But at the risk of sounding cynical, Mr. Gingrich's relentless obsequiousness struck me

'Please appland," be urged the audience after a Chinton

The speaker seemed to have the edge in control, to the point of letting the president be the

host and close strong. Mr. Gingrich's only lapse from graciousness was in slipchance to deliver a prepared ad lib: "Senator Dole hasn't given me permission to read that

Was the debate worth watching? You bet it was — not for what was said, but for the sight of two young old pros sparring publicly for the first time, one hand washing the other's political interests.

Was the president wise to take on the speaker in debate? Yes. Did he confer presidential "stature" on a prospective opponent? On the contrary, the reactive Clinton gained needed at the center stage of politics. And it is clearly in President Clinton's political interest to fan the draft-Gingrich spark, because be wants to run from



would soon denounce as an extremist. Was it smart of Newt to snatch up the handkerchief lightly dropped by Mr. Clinton about a joint appearance? Of course; it was an opportunity to present himself as a nonpartisan, in constant touch with his

worried about him. Let's cut to the chase: In the debate between two men trying desperately to lower their high egative ratings, who won? Mr. Clinton came across as

caring, compassionate, pain-

- put upon by the me-

dia's divisive oversimplifiers. none present at this occasion while making a stunning con-cession to reality in an audience of oldsters that a reduction in the rate of increase of Medicare and Medicaid was inevitable. The speaker of the House mother — not the ogre of ide-ology that has independents

hard to come across as someone other than himself. Bring back Sorry, zero-sum gamesters, the snap judgment in this corner too soon to be influenced by

came across as a man trying

polls or spinmeisters — is that they helped Bob Dole.

Egg-Napping Just Waiting to Happen

BOSTON — How do you describe the theft of a human egg? The kidnapping of an embryo? The abduction of reproduction? Start by imagining, if you will, that you

are an infertile couple who wanted a biological child badly enough to go through the expense, the indignities, the emotional and hormonal roller coaster of in vitro fertilization. Imagine the month-

by-mooth hopes and disappointments.

Imagine discovering years later that you do have a child. A boy born to another

MEANWHILE

couple from your egg and possibly your sperm. Or twins carrying your DNA but someone else s name.

Imagine discovering that the "extra" eggs harvested from your body and maybe fertilized by your sperm were cavalierly given to another pair without your knowledge, without your permission. Your genetic material had been do-

oated to them by your doctor.

This is the hizarre tale unfolding in California, where two couples are accusing doctors of theft and fraud. This scandal of staggering proportions is said to have occurred at a renowned fertility center at the University of California, Irvine. The doctor being charged is Ricardo Asch, the very man who devised the GIFT procedure that greatly increased the odds of success of in vitro fertilization; the man who also helped one of the suing

Dr. Asch, along with two partners, is accused of many things, of using un- tody of a frozen embryo as the last reapproved fertility drugs and failing to mains of their dissolving marriage.

By Ellen Goodman

report thousands of dollars to the university. But the charge that strikes the deepest is that he used eggs and sperm, fresh and frozen embryos, as if they were his to distribute.

Dr. Asch denies all this. He claims to be the victim of extortionists. But along with theevidence accumulating in seven different investigations against him, there is a sense of a story that was waiting to happen. It has been 15 years since the first act of creation took place in a laboratory. The reproductive possibilities that followed the birth of Baby Louise have made our heads spin. Reproductive "material" has been separated from what we used to think of as the reproductive process. We have seeo an egg and a sperm that got together in a petri dish implanted in a third person's womb. We have seen surrogate wombs, postmenopausal mothers, women giving birth

to their own grandchildren. One result has been the joy of 40,000 couples who became parents. Another has been the dashed hopes of many more who did oot beat the long odds against success. But an unsettling byproduct of laboratory creation has been the extra embryos, the spare eggs and sperm, the DNA frozen in suspended animation, ready or not for some later use.

In the past decade, a couple who died in a plane crash left their embryo in a freezer and left their relatives in a quandary. Another couple sued each other for cus-

genetic material (who knows how many embryos, how many eggs, how many vials of sperm?) from infertility treatments. In a desire to alleviate the desperation and pain of childlessness, we have walked waistdeep into an ethical quagmire.

How hard would it be for a doctor trained to think about eggs as 'reproductive material" to decide not to "waste" the leftover "material"? How hard would it be for a doctor whose single goal was to make babies to make them any way he could? This is a field, after all, with remarkably little oversight and even less regulation. Wasn't it likely to happen?

I am not suggesting that egg- or embryo-napping is somehowunderstandable. This is oot in the ethical gray area. If the charges are true, Dr. Asch broke every rule in the book, from the guidelines of informed consent to the laws against burglary. If so he violated the trust of his patients, violated their bodies and family bonds. But even if this is a rogue doctor, the fact is that infertility treatment is a medical business typified by too much desperation and far too little caution. It is wide open to abuse.

Today, that has become as clear as a crystal petri dish. One of the stars of the field is oow charged with the cruelest and most perverse of ironies. He is accused of tricking infertile couples, who wanted nothing more than to have their own children, into providing children for others.

And in California there are at least four people left wondering about what one anguished father calls "the missing

The Boston Globe Newspaper Co.

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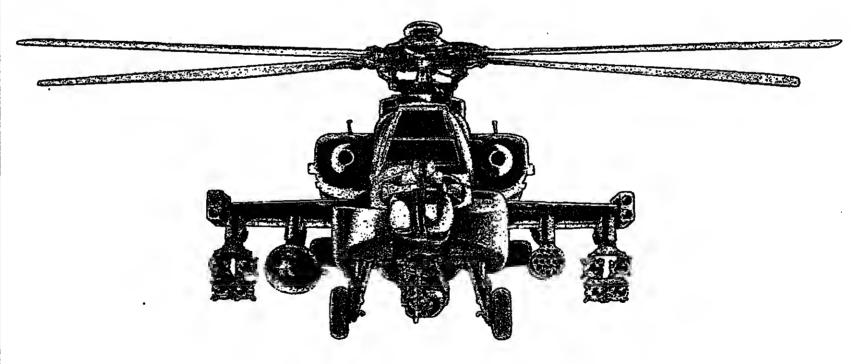
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The Royal Netherlands Air Force could have bought

from three other competitors.

But instead, they decided to settle for something else.



THE BEST.

Congratulations and thank you to the Royal Netherlands Air Force on the recent signing of a Letter of Offer and Acceptance for 30 AH-64D Apache helicopters.

The decision to buy the Apache was based on several criteria. They wanted a helicopter that was multirole and cost-effective. One that was mission-capable, day or night. A helicopter that could operate in adverse weather. And if possible, a helicopter that had experience. Preferably, combat experience. And they got it. Including all the combat experience of Desett Storm, along with nearly 800,000 total flight hours. So the Royal Netherlands Air Force got everything they wanted in a helicopter. They got the best



LETTERS TO THE EDITOR

Japan's Trade 'Dues'

In response to Roy Denman's letter ("The Auto Dispute," Opinion, June 6), I would like to state for the record that his description of Japan as steadfastly refusing to act toward opening its market is grossly inaccurate. I do not wish to enter into an endless debate with Sir Roy regarding the possible outcome of the 1982 GATT complaint by the European Commission. Let me simply point out the fact that there were a number of protectionist measures in Europe in 1982, including restrictive customs procedures on video cassene recorders at Poitiers and discriminatory quotas on Japanese autos. Europe has come a long way toward opening its market of aggression. since. So has Japan.

It is well-known that our average tariff rate (at 1.5 percent) is now considerably lower than tariff levels in the United States or Europe. Japan is one of the major importers of the world's goods (both primary and manufactured). Critics would then argue that real barriers in the Japanese market exist in other forms than tariffs, such as ex-cessive regulation and restrictive business practices. We are aware of the problem, and trying to rectify the situation ourselves through deregulation and aggressive enforcement of antitrust laws. We are also open to criticisms and complaints by

our trading partners. Our refusal to accept the U.S. demands on numerical targets should never be taken as our recalcitrance toward any change. We reject numerical largets and managed trade be-cause we genuinely believe in free trade. It is not a pretext for preserving the status quo. Japan is ready to change its system, as is wimessed by our steady implementation of deregulation measures in the auto repair parts market. In Sir Roy's words, we are already paying our dues 10 the world trading club.

Deputy Director. Trade Policy Planning Office.

Victims of Aggression

We have rarely seen greater cynicism than in Thomas L. Friedman's article "The Bosnians Aside, You Simply Don't Abandon Your Allies" (Opinion, June 8), in which he writes: "I don't give two cents about Bosnia. Not two cents ... The Bosnias will come and go."

The question of whether the Western powers could have done something to stop the Serbs three years ago, or could do anything at this terribly late date, is a wrenching one. But however one answers

these questions, there is no reason to stop caring about those Bosnians who cannot cross the main street of Sarajevo without being caught in the telescopic sights of a Serbian sniper. To paraphrase Mr. Friedman: Journalists will come and go, but decent folks all over the world will continue to give two cents for the victims

VICTORIA SALVY. ROBERT LITTELL Martel, France.

About Opus Dei

Regarding "Spreading the Papal Word," Page Two, May

The article mentions that Joaquín Navarro-Valls belongs to Opus Dei, "a Catholic sect ... well-known for its secretive ways." The Opus Dei is not a sect but a personal prelature of the Roman Catholic Church, It is in no way a secretive organization; its constitution is a

public document. With regard to the Vatican's dealings with the press, although the Vatican is a sovereign European state, its raison d'être is spiritual and not remporal. Is it therefore reasonable to expect that its government should be as accessible to the press as are the governments of other countries? The leaders of other European nations are elected by universal suffrage and therefore need favorable coverage by the press. This is not the case for the Holy Father, whose only goal is to save

PAUL NAGY.

"Letters to the Editor" and contain the writer's signature. name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of un-























With or without? Clockwise from top left: Versace; cover of Versace book: John; Depp; Grant: Clinton; magician David Copperfield; President Jacques Chirac; Ralph Lauren; Kasparov; Branson, and Jean-Louis Dumas Hermes.

When Ties No Longer Bind: A Young Twist on an Old Knot

By Suzy Menkes
nternational Herald Tribun

ONDON John and Gianni Versace unite on Wednesday to sing the praises

You can read the title of Versace's latest photo-oeuvre as an ode to male freedom and liberty. Or you look at the fig leaf of checked ties girding the loins Richard Martin, curator of the the Art Deco area of Miami. of the leaping naked male on the book jacket — and see the image as an end-of-the-century knell for the necktie.

Versace is throwing at his mar-

dation, it will be a brave man who turns up in a tie. Since the guest list includes hip rock stars George Michael, Brian May of Queen, Nick Rhodes and Rod Stewart, ties are unlikely to be part of their fashion vocabulary.

"The tie has become a con-Costume Institute of New York's Metropolitan Museum.

Martin has contributed an essay to "Men Without Ties" At the celebrity party that (John Murray/Abbeville Press), in which he describes the

hled London store as a benefit mythology of the necktie and its a useless imposition. for the Elton John AIDS Foun-alternatives: the Freudian link "I have nothing ag between oeck and penis: the "erotic sexuality of the open neck"; even the possibility of promoting "hairiness" by exposing the naked chest.

The text complements photographs of what Martin calls "Superheroes of South vention, the usefulness of Beach," referring to the pea-which is doubtful," claims cock parade of male vanity in The general thrust of Martin's

office uniform — that neckties are boring, bourgeois and a withered symbol of "commercial eti-

Versace is clear where he and his bravura men's designs stand no the issue.

has grown up with me, maybe because wearing it causes me headaches and I've always hated being 'tied up.' I don't understand why there should be places where you should be obliged to wear a tie. I find this eration that has never been

l love children wearing them because they're funny and in some way represent a memory of the past.

Indeed. When did you last see a kid wearing a tie - outside of formal school uniforms or family weddings and bar mitzvahs, maybe? What with gressively casual clothes, the tie

outmoded symbol.

Yet, isn't fussing and furning about neckties a generational thing? Men who get hot under the collar and are convinced that the tie must go are the 1960.

Driusn magazine Loaded.

Trim neckwear is part of a revival of the 1960s Mod look.

That has made Patrick MacNee as Steed in the television series "The Avengers" into a collection. "Since I was a child, I've the tie must go are the 1960s preferred comfort and individ-uality." says the designer. a tie meant abandoning inhi-"The fact of not wearing ties bitions. These are the men who

> down as "casual Fridays" softeo up the corporate image.

worn with sharp suits are even super-cool, since Quentin Tarantino made the narrow necktie a symbol of the hard man

in "Reservoir Dogs" and "Pulp Fiction." That gangster image is used

magazines, with the 20-year old even remodeling the signature President Clinton casting off his actor Leonardo DiCaprio sport-tie at every sporting opportunity ing the look on the cover of the Beatles. The "Star Trek" uni-but can handle formal wear on and Hollywood moguls led by American magazine Details and forms, personified by Captain or off screen.

Stephen Spielberg wearing ag- a feature on mobster style from Kirk, were typical of the space- In his late the 1940s to the 1990s in the might seem to be an archaic and British magazine Loaded

"The Avengers" into a cult hero, and Mod frames the style continue to stuff an expanding it, for this new generation of guth into hlue jeans and make a clean-cut kids, the "three-but-self-conscious effort to dress ton suit is more important than the three-chord song.

Eveo when the image is more No one under 30 — the gen- or less conservative, as in which have been part of ration that has never been "Four Weddings and a Funer- lection for many years."

BOOKS

forced to tie the knot - seems to al," both in the film and in his "I have nothing against ties, see the tie as a threat. Slim ties personal life, Hugh Grant seems to find a formal tie no more sweat than a sweater.

Fighting the tyranny of the tie started in the 1960s, when bastions of sartorial conformity were stormed. Pierre Cardin was the first designer to chalin fashion spreads in men's style lenge the menswear status quo, age futurism that now looks quaintly outdated on the cusp of

the new millennium. Since the 1960s, going ticless has been something for the socalled creative professions, meaning film and art directors, stage and movie stars, gallery owners and those in the pop music business. They seem desperate to find alternatives to the tie even when it might be appropriate. Versace points out, "At the Academy Award ceremony almost no men had a tie; they were wearing shirts with a band which have been part of my col-

plot of extraordinary intricacy

and plausibility. Among other

things it involves the assassi-oation with American complic-

ity, of an Arab zealot who was

in position to threaten the West

with ouclear blackmail; the

dark amhitions of a new chief

justice, Archimedes Hammett,

tie conservative dresser) wearing a stiff round-collared shirt. He was asked by emcee David Letterman, "Would it have killed you to have worn a tie?"

The answer to that is "No" for Hollywood's Brat Pack, who may have been brought up

In his latest movie. "Ed as comfortable with a 1940s suit and tie as he does in angora as a cross-dresser, and at the Cannes film festival turned out in a tuxedo with bow tie. Even Keanu Reeves has a conventional shirtand-tie style for his cyberpunk thriller "Johnny Mnemonic.

have dispensed with the baggage once attached to the tie - the idea that it is an authority symbol or a bourgeois badge of respectability. But a tie may be

"Wall Street" and the 1980s, Wood," Johnny Deep, 32, looks Dior sells 2.5 million ties annually and Hermes one million.

But the really significant figures are the ones that point to the generation gap. A random list of tic-phobies from Woody Allen, through Richard Branson, Elton John, Issey Miyake and Rod Stewart would have an average A new generation seems to age in the late 40s. While convinced tie wearers like chess player Garry Kasparov, 32,

come from the next generation.
It is hard not to see many of the anti-tie brigade as fighting worn with a twist of irony, as in fashion demons of 20 years ago the Pop Art patterns designed by and hanging on to rebellious New York's Nicole Miller or youth.

Business Message Center

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Herald Eribune

THE WORLD'S DAILY NEWSPAPER

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Reviewed by Jonathan Yardley

\$23. Random House.

SHELLEY'S HEART

NOT to mince words: "Shelley's Heart" is an amazing book. The eighth novel hy a writer who to date has been filed away in the pigeoo-hole of political suspense and/ or spy fiction, "Shelley's Heart" at once stays within the conventions of genre and soars above them. It is a work of immense ambition that comes astonishingly close to achieving everything toward which it aspires. In so doing it rudely elbows its way into the precinct of "serious" fiction, rendering by comparison almost everything that now passes as such

pallid, lifeless and jejune,
"A writer should live in the world." Charles McCarry has said, with those words instantly drawing a broad line between himself and the American lit-

ESCADA

in Paris

NEW COLLECTION

SPRING-SUMMER

Marie-Martine

8, rue de Sèvres.

erary establishment. Whereas the writers who eojoy the es-teem of the literati and their By Charles McCarry, 558 pages. academic satellites specialize in navel-gazing so intense and obsessive as to unnerve even Herr Doktor Freud, McCarry walks out into the world and tries to see what is happening there. In order to eogage his readers' at-tention and to provide them amusement, he concocts elaborate plots and stages bloody scenes, but his real interest lies in the hearts and minds of the men and women whom he brings to life. As "Shelley's Heart" makes abundantly evident, if ever there was a "serious" novelist, he is it.

Whether "Shelley's Heart" is the best novel ever written about life in high-stakes Washington no doubt will be the subpatieoce with the prose style of
Henry Adams and thus have
never read "Democracy,"
which usually is put forward as
holder of the local fiction cham-

• Ronald Freeman, first

vice president of European

Bank for Reconstruction and

Development in London, is

reading Paul Theroux's "Kingdom by the Sea."

remote regions of this country

reminded me of the problems

we encounter in some coun-

tries of Eastern Europe."

The problems with infrastructure in some of the more

pionship. I've read all the other ination can be called farfetched contenders, though, and noth-or fantastic, McCarry weaves a ing comes close to "Shelley's Heart," which in every important respect simply rolls the competitioo into the ground.

The time is early in the year 2001. The president of the United States, a liberal from Massachusetts named "Frosty" Lockwood, has been re-elected hy the narrowest margin in American history. On the night before his swearing in, he is informed by Franklin Mallory. the arch-conservative whom he had defeated, that someone working on Lockwood's behalf "stole the electioo" by rigging computerized results in Michigan, New York and California. The two men are fierce rivals who "had always liked and understood each other," but Malject of dinner-table debate for lory is adamant in his insistence months and years to come. To that the president decline to my miod it is, but I have little take the oath and arrange an

WHAT THEY BE READING

Benjamin. In the Rubinstein Variation of the Nimzo-Indian Defense, 5

After 19 e5 Nd7 20 f4, Blatny

Benjamin impatiently tried to smash through with the knight sacrifice, 21 Nh6?! Af terward, be said that a methodical buildup with 21 Ral, followed by 22 Ra2 and 23 Raf2, would have been the correct way to press his initiative. After 21...gh 22 f5 Qe7 23

health of a drunken speaker of the House, an old Texan named Tucker Attenborough; the persistent ticking of "a time bomb in the Constitution."

McCarry has written a bril-liant portrait of Washington. He is knowing and, when it is appropriate, cynical about the men and women who scramble up its himself as much a zealot as the greasy ladder. He also knows staff of The Washington Post.

murdered Ibn Awad; the failing that the business may be sordid but that all of those who engage in it are not necessarily sordid as

> 'Shelley's Heart" is a very long book, but there is not a single page, indeed not a single paragraph, in which it flags, in a ord: amazing.

Jonathan Yardley is on the

CHESS

By Robert Byrne

PAVEL BLATNY won the New York Open Tourna-ment. In Round 8 he beat Joel

a3 uses a tempo to obtain the hisbop-pair after 5...Bc3 6 bc. Black can exchange bishops with 11...Bd3 12 Qd3, but in the pawn formation that is observable after 12...Qa6 13 Qd2, White has a good chance to produce an attack with an even-

was virtually forced to try 20....f6 because he needed to shrink the white pawn phalanx. e6, Benjamin later thought that Black could probably have pre served his knight with 23...Nb8, but that Blamy's Kh8 24 Bh6 Rg8 was unobjectionable. After

25 ed Qd7, Black was at least equal with a beautifully posted knight and the target of the rag ged white queenside pawns.
After 28 Rel Res, Benjamin

took his rook out of play with 29 Rf1? and thus left Blatny in control of the important open e file.

The transfer of the black knight with 30...Ne4, 31...Nd6 and 32...Ne4 not only defended Blatny's king position but also prepared for attacks against the

hite king. Benjamin erred with 34 Khi. which allowed 34...Qb5! with a gain of tempo. Now, 35 Kg! Qd3l 36 Bc7 Qc3 37 Bf4 Qd4 wins a pawn for White. He blundered with 35 Rel and less outright to Biatny's 35 Rg4! Since 36 Og4 drops the queen to 36::N12, while 37 Qh6 is finished by 37. Nf2 mate, Ben-

(Eric Ipsen, IHT)

By Lee R. Howard

ASHINGTON — In a business where a large percentage of costs are beyond their control airlines have been forced to come up with inventive ways to cut the expenses they can control.

Operating costs at U.S. airlines rose almost 30 percent since 1986, according to an index compiled by the Air Transport Association of America. But they have leveled off at that high altitude, with the index showing a decline

of less than I percent last year.
Rising jet fuel prices used to get the blame for higher costs, but fuel prices have been falling steadily since 1991.

Free makes up about 12 percent of an

Fuel makes up about 12 percent of an airline's operating costs. If the price of fuel rises by 1 cent a gallon, it costs the U.S. industry \$160 million in a year. During the Gulf War, the price of jet

fuel jumped from about 55 cents per gallon to more than 77 cents. But since then, the price has declined, falling below 55 cents per gallon last year. That drop represents an annual saving to the industry of about \$3.5 billion.

Labor, at 36 percent of total operating costs, is by far the largest single cost for airlines. At U.S. airlines the average salary was \$57,000 last year, compared with \$42,000 in 1986,

In the early 1980s, American Airlines negotiated a two-tier system with its unions, in which new hires were paid about half of what veterans earned. Only over several years could the recruits pull even with their colleagues.

Other airlines soon negotiated similar contracts, and for the first time in decades, labor costs flattened. But the reprieve lasted only about five years, with subsequent contracts reducing the time required for new hires to reach the higher pay scales.

1101

Since then, airlines have tried several other ways to cut labor costs, most frequently by seeking pay cuts and work-rule changes. In exchange, workers have been offered profit-sharing.

stock and seats on the company board In another cost-cutting move, most of the airlines last year put a cap on the commissions paid to travel agents for domestic tickets. The commission rate had grown more than 60 percent per passenger-mile from 1986 to 1991.

The move was bold: Travel agents handle more than 80 percent of total airline ticket revenue. But their commissions make up more than 10 percent of an airline's operating expense.

Airlines have also trimmed fat in food costs. Meals make up 3.6 percent of operating costs. From 1986 to 1992, the average cost for meals rose more than 40 percent. By serving lighter meals and eliminating food on short flights, airlines have in two years cut catering costs by almost 15 percent.

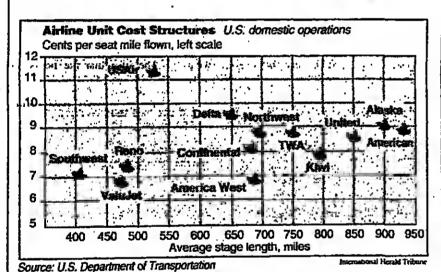
Some airlines are trying to cut food-service costs to the bone: American Airlines has started having passengers pick up their meals before boarding some flights.

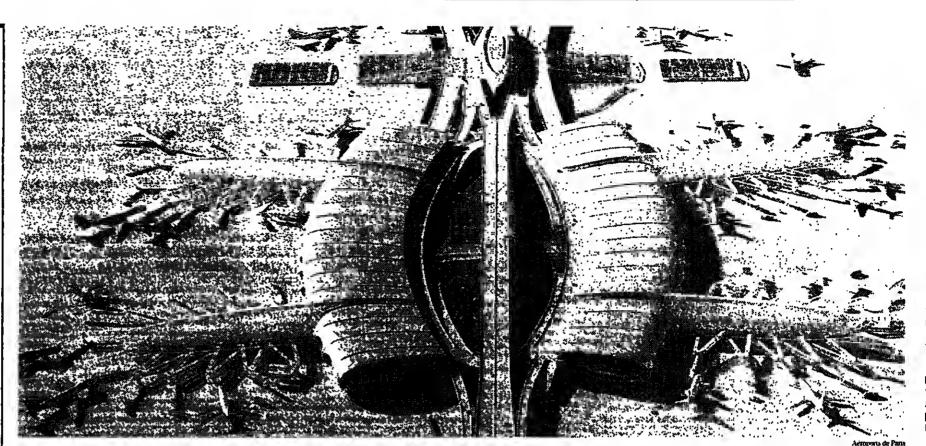
Nonetheless, many carriers are faced with changing attitudes toward products. services and prices. Even business fliers seem to be choosing the low-cost, low-frills service offered by a slew of new

Most of the newcomers have em-ulated Southwest Airlines, the lowprice, low-frills veteran, and the survival rate of recent entrants is much higher than was the case in the 1980s.

Older carriers, such as USAir, American, Delta Air Lines and United Airlines, have operating costs up to 50 percent higher than those of Southwest and such imitators as Reno Air and Valulet Airlines.

Continued on Page 12





The Charles De Gaulle Airport in Paris; code-sharing allows airlines to serve destinations they wouldn't ordinarily reach.

Code-Sharing Gives Carriers Global Reach

By Michael Richardson

UALA LUMPUR - When Virgin Atlantic Airways of Britain joined Malaysia Airlines this month to launch daily flights to and from Australia using Malaysia Airlines planes, it was not just the start of a new competitive challenge to established carriers on the route between

Australia and Europe.

The partnership was part of a trend toward strategic alliances between airlines in Asia and the Pacific and their former rivals from Europe and the United

Such alliances are laying the basis for global travel networks that, in addition to promising passengers greater convenience, may force other carriers into sim-

Airlines in the West are positioning themselves to take maximum advantage of the rapid growth in air travel in Asia, which analysts predict will account for

The International Air Transport Association says annual air passenger travel in the Asia-Pacific region will increase by 7.5 percent by the year 2000, and by a further 7 percent between 2000 and 2010. That would lift the region's share of world air travel to around 50 percent, from some 30 percent today.

Asian airlines are entering alliances with Western carriers to cut costs and increase the pool of travelers from which they can draw.

In such arrangements, called codesharing, participating carriers coordinate schedules and feed each other passen-

In January, Malaysia Airlines and Virgin Atlantic announced a partnership that includes operation of twice-daily codesharing flights from London to Kuala Lumpur. Cabin crew from both carriers will serve on the flights, which have a joint flight designation.

Code-sharing arrangements allow pas-sengers to travel on different airlines using the same ticket. Carriers like codesharing because it allows them to open service into new markets without the expense of operating independent flights.

In May, the Australian government,

which is eager to promote competition on the route to and from Europe via Asia, announced that Virgin and Malaysia Air-lines could extend their code-sharing flights from Kuala Lumpur. Virgin was given the equivalent of 660 seats a week into Australia for a 12-month period.

Analysts said the alliance should increase passengers and profits for both carriers, giving Malaysia Airlines greater access to the United States through codesharing with Virgin and extending the reach of Virgin into Asia and the Pa-

Matthew Samuel, director of corporate affairs at Singapore Airlines, said he expected that by 2005, all the international operators in Asia and many of the region's domestic carriers would be linked. through code-sharing or other means,

with airlines from elsewhere in the world, particularly Europe and the United

Thai Airways International, United Airlines of the United States and Lufthansa AG are working out details of a three-way agreement that executives said would eventually enable passengers to fly to more than 500 destinations worldwide as though they were on a single airline.

Since late March, passengers have been able to earn mileage points and redeem travel awards on the frequent flyer programs of any of the three partner carriers. Later in the year, Lufthansa and Thai Airways will begin coordinating schedules, sharing lounges and airport facilities, channeling passengers from

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EU Seeks to Block 'Open-Skies' Deals

By Barry James

ARIS — The European Commission is threatening to take Britain and several other European Union member-states to court for negotiating "open skies" agreements with the United States, saving that they may jeopardize airline deregulation in the

In what is seen by the Commission as an attempt to divide the union, the United States announced June 5 that it would open discussions with Britain to expand market access mutually. It earlier approached six of the smaller EU countries - Austria, Belgium. Denmark, Finland, Luxembourg and Sweden - offering them reciprocal market access and codesharing agreements.

These countries, plus three nations approached by the United States that are not members of the EU — Iceland, Norway and Switzerland - account for less than 10 percent of the trans-Atlantic market. Britain is another matter.

If these deals go through, they could seriously disrupt the European single market, Commission officials say. The Commission therefore announced June 6 it would take Britain to the European Court of Justice under the EU's founding Treaty of Rome, and that it was preparing similar action against the other states.

We think we could get a better deal

with everyone acting together, a Com-nission spokeswoman said. She added that any agreement the Commission negotiated would not be less liberal than existing agreements between the United States and European countries.

Neil Kinnock, the EU transport commissioner, says there are persuasive economic arguments for negotiating as a community, and he denies that the Commission is attempting to take on additional powers at the expense of the member-

In Europe, be said in a recent interview with Airline Business magazine, "There is a continual and progressive provision for liberalization. But it's of necessity balanced with transitional periods with economic and social obligations, which you would expect in a continent which has got a lot of islands and peripheral areas, and also of course with very firm requirements on removal of state aids.

That package was hard-won. It re-

quired a lot of negotiation and it required people to make compromises. I'm not prepared to see that scrapped and replaced by some sort of commercial osmosis in a very unorganized way by the U.S. form of deregulation."

European transport ministers are scheduled to meet on the issue on June 19. The Commission is seeking a tough ne-gotiating mandate that would be aimed at obtaining an open-skies agreement for the union as a whole, rather than for individual member countries.

The agreement proposed by the Commission would call for free market access for all U.S. and EU carriers, allowing European airlines to set up for business in the United States and vice versa. The Commission also proposes that the limits for foreign ownership of airlines should

rise to 49 percent in both the United States

and Europe.
The draft agreement also includes criteria covering computer reservations systerns, code-sharing, slot allocation, state aid for airlines and Chapter 11 protection for bankrupt airlines.

Industry sources said the Commission's proposals are unlikely to be acceptable to Washington.

The Commission's mandate also is unclear under European legislation. The European Court ruled last year that the Commission's responsibility for collective external trade negotiations does not extend to transport. The Commission argues that another ruling makes it responsible for any foreign negotiations that affect internal EU regulations. The United States currently has an open-

skies agreement with only one EU member, the Netherlands, which was negotiated before the current "third package" of European airline deregulation came into effect at the beginning of last year.

The EU is scheduled to remove most

remaining restrictions on Jan. 1, 1997, allowing European airlines to set up for business in any member country of the union. British Airways, for example, is already positioning itself to create majority-owned subsidiaries in both France and Germany in direct competition with Air France and Lufthansa.

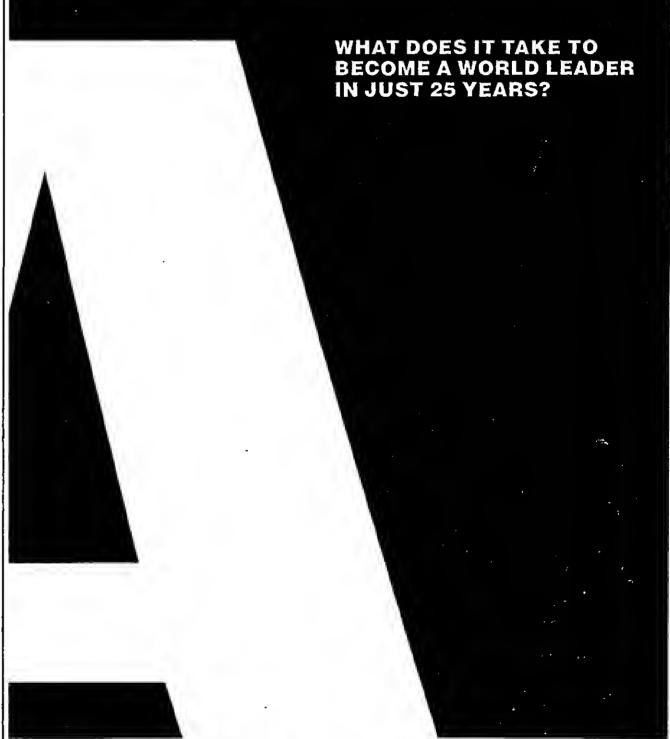
A spokeswoman for the European Commission said that liberalization in Europe "is coming along nicely, but we don't want it blown off course by a deal

which is not balanced and reciprocal."

Officials in the six countries and at some of their airlines have accused the Commission of being heavy-handed over deals that would bring them substantial benefits. The Commission spokeswoman acknowledged that for the countries concerned, the deals being offered by the United States would be beneficial because it would give them market access they do not now have.

But the Commission's job is to look after the interests of all; 15 memberstates," she said, adding that the deals would give U.S. carriers, "through the back door," a network that includes considerable traffic rights and great advantages in terms of code-sharing and the future development of hub-and-spoke operations - none of which, she said,

Continued on Page 12



Airbus Industrie started just 25 years ago with nothing but a seemingly impossible dream - to counter the dominance of the firmly entrenched grant aircraft makers. From that standing start the company can now boast a \$9 billion annual turnover, thousands of employees and over 30% of the market share for large commercial aircraft From the very beginning they had to fight great scepticism and overcome many obstacles.

Most importantly, they had to win customers' confidence in spite of having no product line or corporate track record That impossible dream has become reality. The clean sheet they started with has let them set new standards in every area. New standards of international cooperation, organisation, and meeting market demands. New standards of design, innovation, materials, testing, manufacture, reliability, safety and customer service.

The result is that Airbus Industrie are now right at the top of the accrait makers' league, satisfying the needs of virtually all of the world's major airlines.

For all their competitors, the disturbing problem is that they know this is just the beginning. Airbus industrie will never resi on their (aurels)

> **SAIRBUS INDUSTRIE** SETTING THE STANDARDS

Flag-carriers in Europe want reciprocity with U.S. airlines.

are emerging relatively undamaged from the economic recession, mak- seats.

marks continue to hang over the industry. Regional carriers transported about 40 ation, or ERA. Earlier growth increases had been 20 percent or more.

But more passengers did not translate ness remains a precarious sector of a pre-

Regional carriers need a high growth rate because costs are high and yields are cor-respondingly low. It costs a commuter jet as much as larger aircraft to use air traffic domination of the lanes and land at airports. This means that fixed expenses form a much higher pro- majors, the regional portion of overall operating costs.

Car

mc

fur

for 18 percent of a regional carrier's cost, compared with 9 percent for major airlines. The European Union's third wave of deregulation, which came into effect last year, means "we can fly where we want without objection from major carriers and charge the fares we want." said Mike Ambrose, director general of ERA, "But the majors still exercise enormous power through control of the distribution system. creasingly likely. The infrastructure capacity is so scarce at major airports and in the air that we are vulnerable to user charges that are intended

to manipulate capacity. This has forced regional carriers to fly bigger planes, he said. Over the past eight years, the average aircraft flown by smaller carriers has increased to 54 seats from around 29, with the fastest-growing sector

in jets with between 50 and 100 seats. 'Many routes are no longer economically feasible with smaller planes because of the high charges and the pressures oo sales expansion, particularly in Asia. infrastructure," he said. "If you cannot get the airport slots you need, the only way you to the regional industry. "We are three can sustain growth is to increase the size of

the aircraft. of growth without somebody putting down Fokker, Saab and Domier.

money for metal," he added, good for its Avro RJ regional jet - eventually. "We think we have another year of Ambrose said. still quite a lot of pain," he said, "But we

We believe that the market should show expand, with more than 70 companies now signs of improvement in 1997."

British Aerospace projects a market for lines in British have been outweighed by 5,000 new aircraft over the next 20 years, start-ups, like Air Nostrum in Spain, East ARIS — Europe's regional airlines 15,000 new aircraft over the next 20 years, half of them in the regional class below 100

ing them potentially bright prospects for aircraft manufacturers. But question start on routes with enough capacity to require larger aircraft from the beginning. The regional industry in Europe, however, million passengers last year, an increase of is deliberately intended to open up routes to 'only' 15 percent from 1993, according to peripheral regions and stimulate cross-borthe European Regional Airlines Associgional carriers have not been allowed to Bodo in Norway." Linking regional cities, challenge the position of the majors, several of which have created their own feeder into more revenue, and the regional busi- subsidiaries or formed close alliances with smaller companies.

Because of the ERA estimates that user charges account industry remains fragmented.

> About 70 percent of the world's turboprop and regional jet aircraft are produced in Europe. With 17 manufacturers, 15 of which produce turboprops, the market is crowded and a shakeout looks in-

> British Aerospace, for example, is joining the current members of the ATR regional aircraft consortium — Aerospatiale of France and Alenia of Italy - in a new joint venture to be called Aero International Regional, or AIR. The new company will begin operations next January. Mr. Woodward said the new vecture would be a logical complement to British Aerospace's participation in the Airbus Industrie consortium and would enable the companies to pool costs for research, development and

Deregulation has been an enormous spur times the level now that we were in 1987, e aircraft."

Because of the recession, airlines have and that is an enormous growth by any stretch of the imagination, "Mr. Ambrose not been placing orders as fast as man-ufacturers had hoped. But Mr. Ambrose ability of specialized, custom-built aircraft, said orders should take off toward the end the majority of which have been built in of this year. 'You cannot sustain this rate Europe by British Aerospace, ATR,

"Twenty years ago, we used castoffs Ian Woodward, a spokesman for British from the majors. Now we have the equip-Aerospace PLC, said the prospects look meet that's built for the job. We have an industry we should be proud of," Mr.

Despite the recession and the cost

operating. Failures like Euro Direct Air-

West in Germany, Citylet in Ireland and Eurosky in Austria. The oumber of cross-border start-ups has been a disappointment, for the simple reason that most passengers still want to fly to e hub. Mr. Ambrose said the linking of secondary airports looked good in theory, "but in practice, if you are living in Tarbes in France, the chances are that you don't want to fly to

ing industries. In addition, the impediments to truly free skies are still huge, from the difficulty of obtaining venture capital in a recession to the lack of competition at airports, where ground facilities are often in the hands of state airlines.

he added, works only when there is a natural

affinity between them, such as complement-

Because of the domination of the majors, several of which are still directly or indirectly supported by their national governments, the regional transport industry remains largely a fragmented, niche busi-ness. High infrastructure costs mean that, with the exception of Ryanair in Ireland, it has been impossible to start the low-cost, nofrills operations pioneered by U.S. airlines like Southwest and Valulet.

"There is no incentive on busy congested routes for a start-up carrier to come in as there was in America because of the congestion problem," an official at the International Air Transport Association in Geneva said. Some analysts say the majors probably prefer it this way, because it keeps potential competition at a distance.

Complaints abound about high air fares in Europe, which are considerably higher on scheduled services than in the United States. However, charter carriers provide a lowcost option that dampens the demand for low-frills operations like that of Southwest. The charter airlines fly more than half the total number of passengers in Western Europe, with near-scheduled regularity on some routes. They generally operate newer aircraft than the major carriers and have a pricing structure that is difficult for any scheduled airline to beat. In addition, most tickets on scheduled flights are discounted.

The emphasis in Europe, however, has been on promoting economically viable airlines rather than cutting fares, and this is likely to continue after e final wave of deregulation in 1997.

'The key is that we have got to have healthy airlines," Mr. Woodward said. "If yields through competition are reduced to the point where airlines are no longer healthy and can oo longer sustain either their operations or new investment, then that will see signs of improvement on the horizon. squeeze, the regional industry continues to be damaging for the industry as e whole."

Signs Point to a Mature U.S. Market

By Lee R. Howard

WASHINGTON -- Airline industry analysts and others are warning that growth in U.S. domestic air travel may have peaked, never again to grow at multiples of the expansion rate of the overall economy.

Typically, industries follow 'S-curve'' pattern: After a slow start, most successful industries go through a highgrowth phase.

But eventually, as demand for the industry's product or service is more fully met or is diverted to other goods, the growth rate subsides and flattens, and the industry is said to have matured. This is what happened to bus, train and ship transportation in the 1950s and 1960s, all of which "matured" largely because of competition from air travel

In the 1930s and 1940s, air transport was just becoming a full-fledged industry. Spurred by the introduction of new aircraft in the late 1950s, air trav-

1970s, the industry grew at ture industry. .

double-digit rates for years are The maining of the air cations appears to be resulting time, until seemed it might transport sector has serious in a net loss for air travel. continue to skyrocket forever, implications for major U.S. Moreover, the recent bar-

More recently, however, many signals have appeared that the U.S. airline industry has begun to reach maturity.

1980, airline revenues as a percentage of gross domestic product more than doubled, moving from less than 0.4 percent to more than 0.8 percent. But then the percentage stayed nearly constant for a ket were flourishing. The decade and has declined since

A similar pattern exists for their predicament. airline passenger revenues as a percentage of personal conmption expenditures.

Gross domestic product is a down in air travel. ... measure of total economic acbusiness. Personal consumption expenses include only personal travel revenues, comprising about one-half of total r passenger revenues.
The relationship between

these figures strongly indicate somewhere has given way to that airline revenues are no longer outgrowing the overall took off. economy — a phenomenon Throughout the 1960s and that is a characteristic of a ma-

amines.

itive problems even if the marweaker traffic growth of a maturing market compounds

At the same time, there are other external factors con- other explanations for the retributing to the recent slow-

First, one of the airlines' old tivity and includes all air pas- competitors has revitalized its will have their hands full copsenger revenues, personal and growth potential with a new type of service.

International point-to-point travel by ship was almost entirely replaced by the airplane years ago. But more recently, sea travel aimed at getting

cruising for some types of va- off in the world market."

Almost all carriers strive to sumers - which has been the

gain-consciousness of conclose the gap between their major cause of recent weak air own costs and those of new or traffic growth — has resulted From 1960 until about down-market - competitors, in an increase in demand for But the combination in the low-cost, low-frills service. current market of this cost gap But the lower fares charged by and customer resistance to Southwest Airlines and its emhigher fares would cause the ulators will almost certainly major carriers enough compet- minimize any growth in revenue that might have been expected to come from increased volume of overall travel.

All told, the evidence that the domestic U.S. industry has matured seems to outweigh cent slowdown in traffic growth.

While American carriers ing with these new industry realities, the lessons they learn may benefit their European and Asia-Pacific counter-

Says George James, a veteran analyst and former chief economist for the International Air Transport Association: "I Air Transport Association: "I Although getting to the believe that a fixed ceiling has cruise port often involves air closed in on the U.S. airline travel; the substitution of market and may not be too far

Airlines Turn Inventive to Trim Costs

Continued from Page 11

Few, if any, of the newer airare owned by their workers. So, for the time being at least, their labor costs are more controllable than those of the older airlines.

The market share of South-

about 10 percent, but it is growing. These airlines are taking low-frills sector. market share from the tradition-

Recent efforts by some air- carriers and the upstarts will lines to spin off parts of their narrow. Operating costs at the low-frills services have not been If they can avoid further rises in successful, Continental Airlines labor costs and fuel prices do tional Inc.

west and its imitators is only recently disbanded Continental not rise substantially, those Line, its effort to compete in the costs should gradually fall. But

in the meantime, the traditional In the longer term, the cost carriers will just bave to watch lines are unionized, and many al airlines, not creating traffic. gap between the established in frustration as their competitors nibble at their markets.

operation to provide low-price, veterans seem to have peaked. LEE R. HOWARD is president

Threatens Suit Over 'Open Skies'

THE POWER TO DELIVER

WHAT CUSTOMERS NEED NOW AND IN THE FUTURE.

Continued from Page 11

would be available to EU car-

riers in the United States. The United States has long been impatient over the slow pace of liberalization in Europe, which was deliberately

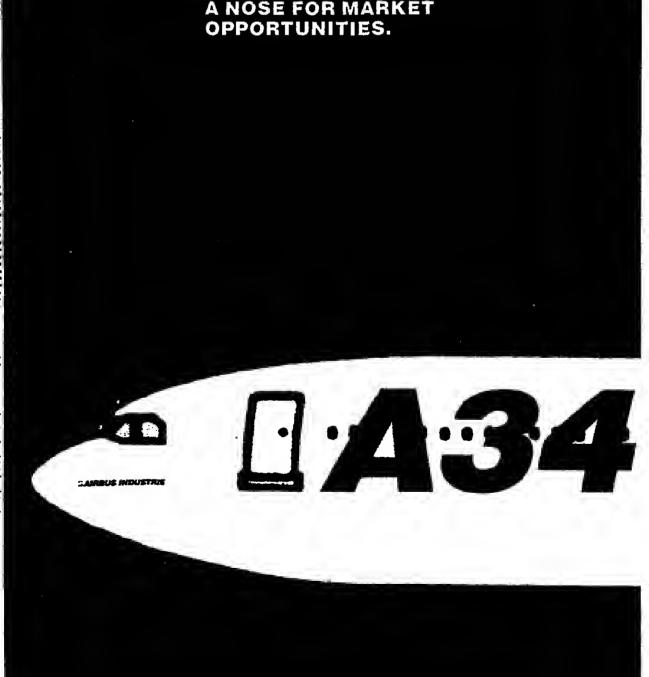
lowed airline deregulation in the United States.

ican World Airways and Eastern has not happened to any great Airlines were allowed to dis- extent - partly because of the appear in the United States, but shortage of venture capital in e carriers such as Air France and recession, and partly because of Iberia survive thanks to info- the shortage of capacity at main staggered over three stages to sions of state aid approved by the airports and in air lanes.

avoid the disruption that fol- Commission. While the regulations now make it much easier in theory for rivals to challenge . Carriers such as Pan Amer- the major airlines in Europe, this

Still, the European Commission insists that it is pushing for more liberalization and will be happy to do a deal with the United States - as long as it is reciprocal.

BARRY JAMES is on the staff of the International Herald Tri-



4:3:40

An unerring ability to predict changes in the market page - that's one reason Airbus Industrie have been able to develop the right discraft for the right opportunities at

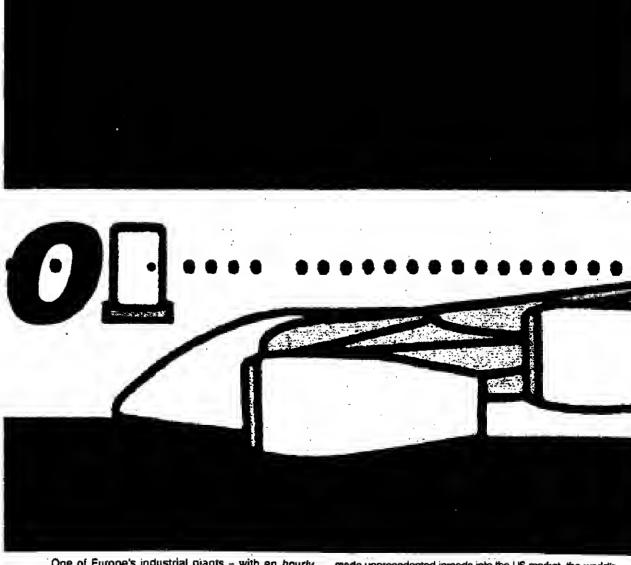
the right time To achieve this, they've set new standards in innovation - first widebody term, first use of composites, first 'common cockpit policy across tive aircraft types, first completely

ion p other

CAD:CAM aircraft - and many more. Newadays there is no such thing as an "Airbus". There are seven distinct market-matched allicraft types that ensure operators are always at their most productive whether their routes are local, regional, trans-continental or inter-continental. For instance, the four engined A340 is profitable on flights right up to 13,800km - tha longest range of any airtiner - helping eirtines prolit from new destinations and opening up new markets.

This standard-setting approach has resulted in Airbus industrie taking over 30% of the market for 100+ seater averalt - and the future looks even better, with a further \$50 billion worth of orders on their books.

> **@AIRBUS INDUSTRIE** SETTING THE STANDARDS



One of Europe's industrial giants - with en hourly turnover of \$1 million and setting operating standards that are unmatched worldwide - that's Airbus Industrie today. Massive manufacturing facilities in France, Germany, Spain. and tha UK, with subcontractors across Europe, the USA and the rest of the world now employ many hundreds of thousands of skilled and talented people, all working hermoniously to produce a range of world-beating aircraft.

It is perhaps the most successful axample of commercial intarnational cooperation in history and has certainly established itself as a model for other ventures.

In lect, the entarprise actually makes e significant contribution to Europe's balance of payments, and has

made unprecedented inroads into the US market, the world's most challenging.

But the company never loses sight of its origins, nor of

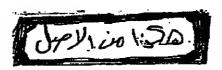
the need to keep customers constantly satisfied. As many as 13,000 new aircraft will be required by world airlines in the next 20 years, dwarfing tha demands

of any other heavy industry. Airbus Industria have the products, the power, the resources, the technology, the imaginetion and tha will

to meet that demand.

GAIRBUS INDUSTRIE SETTING THE STANDARDS

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AVIATION / A SPECIAL REPORT



The Air Niugini facilities at Tari International Airport, Papua New Guinea.

At Air Niugini, It's Never Dull

By George Ridge

ORT MORESBY. Papua New Guinea — Last year was to have been the best in history for Air Niugini, the largest of the many Melanesian and Polynesian airlines operating in the South Pacific.

The carrier's roots go back to unrest that had already curbed the Morobe Goldfields, once tourist travel to Bougainville, the site of the busiest airfreighting operation in the oever reached her destination, a relations at Air Niugini. speck of land named Howland

meters) away. international destinations and the state-owned carrier record-20 domestic airports. The domestic fleet has grown to seven Fokker F28-1000s, one F28-4000 and two Dash 7 aircraft, while internationally the airline is served by two Airbus 310-

But Air Niugini's prospects mance and that fare increases for a record year in 1994 went were probably unavoidable. up in smoke on Sept. 19, when the city of Rabaul was shaken Seefeld cited the start in 1994 of up in smoke on Sept. 19, when by full-scale eruptions from two volcanoes within 24 hours.

captain rushed to the airfield at scheduled service would begin GEORGE RIDGE, a professor 5:30 A.M. and saved an F-28 that was awaiting the day's 1996. flight to the capital in Port

Moresby: He and the ash cloud would almost certainly imbecame airborne almost simultaneously.

prove the carrier's profit picture

air-freight market exists be-

tween Japan and Papua New

cause a potentially lucrative

Japan is a major buyer of

seafood from Papua New

Guinea, and Papua New

Guinea's automobiles and

trucks are almost all Japanese-

made. The air-freight business

thus would have solid cus-

Air Niugini has now reopened

operations into Rabaul with a

leased F-27, but ground facilities

The flights generally carry se-

curity troops, emergency rations

ugini would like to upgrade

Mr. McLanghlin said Air Ni-

The latest bad news from an

with scuba divers has been lost

under tons of newly shifted silt.

Arizona, often writes on the

were destroyed in the eruption.

tomers on both ends.

and clothing.

the F-28.

tourist base.

But even with its fleet intact, Air Ningini and the entire nation of Papua New Guinea face Guinea. Charter flights may not severe economic consequences carry freight. as they dig out from the erup-

What is more, the natural disaster came on the heels of civil another important destination.

"Rabaul was the highest revworld. Amelia Earhart departed enue-generating airport in the from Lae Aerodrome, New country," lamented Geoff Guinea, on July 2, 1937. She McLaughlin, manager of public

In a letter to employees, Di-Island 2,556 miles (4,152 kilo- eter Seefeld, a former executive with Lufthansa AG who is now Today Air Niugini has eight running Air Niugini, noted that ed a first-balf profit of 4 million kina (\$3.1 million) in 1994 and projected a profit of 7 million kina for the year.

He said the devaluation and subsequent floating of the kina had hurt the airline's perfor-

charter service between Japan and Papua New Guinea, and A plucky Air Ningini flight Mr. McLaughlin predicted that between the two nations by

emeritus at the University of Scheduled service to Japan Pacific islands.

By Barry James

IMPLICITY is paying handsomely for a new American carrier that carious business, to make a more of the jets on order. profit every month since it started less than two years ago.

Valulet Airlines, based in Atlanta, is a strictly cost-based op- up a reusable plastic boarding eration. It figures out how much card at the departure gate. Seats it costs to fly from point A to are distributed on a first come, point B, adds on a reasonable first-served basis. profit and then charges passen-gers on a per-mile basis rather than on what the market will bear

Valujet's corporate motto of 'Good Times, Great Fares' has helped bring good times to the publicly traded company. Operating revenues for the first quarter of 1995 increased 227 ercent over the first quarter of 1994, to \$60.7 million. Uoau- ing from Atlanta to Savannah, Ms. Scott said. dited net income rose to \$9.1 million from \$2.1 million, and the company reported a net income of \$20.7 million for 1994. average fare is \$64.67. These Passenger traffic rose 196 percent in the same first-quarter periods, to 900,000.

like frequent flier programs. The airline has only one type of aircraft, the DC-9: it owned 29 line starts making a profit with a of them before a recent nonfatal crash. Each plane has 113 has managed, in a pre- seats. The company has four

> Valuiet issues no tickets passengers call for a reservation, pay by credit card and pick

Unlike other low-cost airlines, such as the failed People Express, Valulet does not pretend to be cheap or entirely without frills. It has decent terminals and at its Dulles Airport minihub outside Washington. It serves food and drinks in the air.

Georgia, to S169 for a full-fare cent less than those offered by

By keeping an almost fanatical control over costs, the air-



45 percent load factor, which and ground services at Atlanta means each passenger above the first 50 on a flight generates a profit. The company, which erves 28 destinations out of Prices range from a low of Atlanta, had an average load \$39 for a 21-day advance book-factor of 71.5 percent in May,

Although basic wages at Val- networks and working pracone-way ticket from Atlanta to ulet are low for the industry, a tices, the major airlines have had Mootreal, via Washington. The profit-sharing plan brings earnings up around the industry avprices are 40 percent to 60 per-erage, Ms. Scott said. A ValuJet typically captain

annual profit-sharing bonus,

there are differences in philosophy. Southwest aims to dominate its routes by operating a high-frequency service. Valu-Jet adds flights only wheo it is sure they will be profitable. It also says it will drop unprofitable offerings, although it has not had to do so yet, and that it will not move out of its niche market in the east.

Southwest has major airlines possible for people to fly." racing to emulate them, but the failure of Continental Lite shows that it is not easy for a carrier with established habits to embrace a simpler corporate

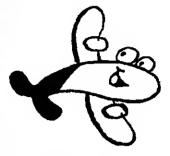
lifestyle.
With long-established route less success in keeping costs under control. They also have the problem of competing with earned low-price airliners in their docompeting airlines, said Marcia \$45,000 in base pay last year but mestic markets and high-quality

Young U.S. Carrier Profits by Operating Simply took home \$20,000 more in an services from international carriers on their overseas routes.

with Southwest Airlines, the low-cost Texas-based carrier, which also makes a resolution of the southwest Airlines, the low-cost Texas-based carrier, which also makes a resolution of the southwest Airlines and the southwest area of a carrier of a carri ValuJei has held costs down flying for a quarter of a century, but they were thoroughly overhauled by McDonnell Douglas

Corp. before delivery.
ValuJet also seeks to make flying fun, Ms. Scott said. Its jets are distinctive in white, sky blue and sun yellow, decorated with a cartoon plane called Critter.

'Our competition is not the other carriers, but the automobile and the television. Ms. Scott said. "We are generating The success of ValuJet and our own traffic by making it



Start-Up Airlines Thrive in Booming Asia Market

Asian airlines, start-up carriers ing its first profit last year. have quickly turned into upstarts on the passeoger and prof-

Blue-ribboo carriers such as Singapore Airlines, Thai Airways Interna- and sales for Asiana in the Americas. He domestic airport. and Korean Air Lines are looking over emment would probably continue to fatheir corporate shoulders at such oewcomers as Asiana Airlines and Eva Airlines. Even Ansett Airlines, a recognized name in Australia, now seeks a flights to Paris and Brussels are, in Mr. niche in the world'a fastest-growing civil-aviation market.

more of nation's airports to take But it may be years before Asia's carriers, a growing market, and ready serves London, I Rabaul, once the most popular these new airlines should bold their from its hub in Taipei. share of it," said Chi Mun Yow, a vice destination for Japanese visitors, will again be a viable president and aviatioo specialist at Merrill Lynch in Singapore.

'The seed has now been planted for that much of the World War II wreckage in a harbor popular expand, although their profit is not that ern United States. great at this point," he said.

Asiana was launched in 1988 when South Korea decided to allow competition against its flag-carrier, Korean Air one of the best performing of Asia's turned Seoul into a major hub for U.S. good airline.

OR the reigning giants among second-tier international carriers, turn- air travelers in the region.

New companies can usually get off to a good start against companies that for- to Japan allow international travelers to merly had no competition," said Patrick Khoury, general manager for marketing tional, Qantas Airways, Japan Air Lines said the mood of the South Korean govvor less involvement in route regulation. which bodes well for Asiana.

Asiana does not fly to Europe, but Khoury's words, "under review."

While Asiana awaits its call to enter 'It is a relatively free market now for the European stage, Eva Airlines al-ia's carriers, a growing market, and ready serves London, Paris and Vienna

In the late 1980s, Asiana obtained permission to service routes from South Korea to Japan and now flies to 10 Japanese cities. Asiana went on to offer Australian Navy survey team is this type of airline. They are more mar-competition for Korean Air Lines in the ket-oriented and they will continue to lucrative market from Seoul to the west-

That market is important because Korean-Americans make up a large community in the United States, particularly in the West. In addition, the U.S. mil-Lines. At the time Asiana had two do- itary presence on Okinawa and Asiana's

The Okinawa route from the United States via Seoul and other Asiana routes avoid the bus link in Tokyo from Narita, the international airport, to Haneda, the "I get a lot of complaints about the

inconvenience of transferring from Narita to Haneda for flights within Japan," said Marianne Roy, a travel consultant who handles large volumes of travel for many of the retirement communities in Arizona, "The airports are on opposite sides of Tokyo."

Along the way, Asiana has picked up a growing market of Koreans who vacation at the resorts oo Okinawa. Golf bags make up a sizable percentage of the luggage on the Seoul-Naha flights. Kong and C Mr. Khoury explains Asiana's tralian cities.

growth in terms of service and safety. What drives the decision of a passenger to return to an airline is the quality of service on board." he said. On-board hospitality is a real issue with today's passenger.

He also cites Asiana's safety record, new fleet of aircraft and on-time performance as factors in 'showing people mestic routes. Since then, it has become service to Beijing and Shanghai has by their own experience that Asiana is a

forged a market in the United States by . using Taipei as a hub for flights between Asia and Honolulu, Los Angeles, New York, San Francisco and Seattle.

Eva's Honolulu link is significant, as that city, a popular destination for : Japanese tourists, bas figured increas- 1 ingly in air transport trade negotiations between Washington and Tokyo.

Analysts think Asiana, too, could

profit from any upheaval if, as is ru- i mored, the U.S.-Japan trade talks turn to hardball over landing rights in Tokyo for U.S. air cargo services.

Despite more than half a century of flying within Australia, Ansett Airlines has been an international player for only two years. The airline now flies to Hong Kong and Osaka from several Aus-

Ansert sees a regional hub-and-spoke system as "an attractive way to expand markets," said John Climo, regional sales manager for the Americas. He said Ansett hoped to attract American travelers who want to stop and shop in Hong Kong before switching to another carrier for destinations in the South Pacific.

- George Ridge

THE HIGHEST LEVELS. new, better ways of designing, building and maintaining

in just 2 - decades, the number of passengers that Airbus industrie aircraft have carried has climbed from

zers to ground til4 billion. That's equivalent to the entire population of the

To operate at this level means that they had to develop Western world themense's strong manufacturing and service roots across the gloce. With extensive support links from Mauntius to

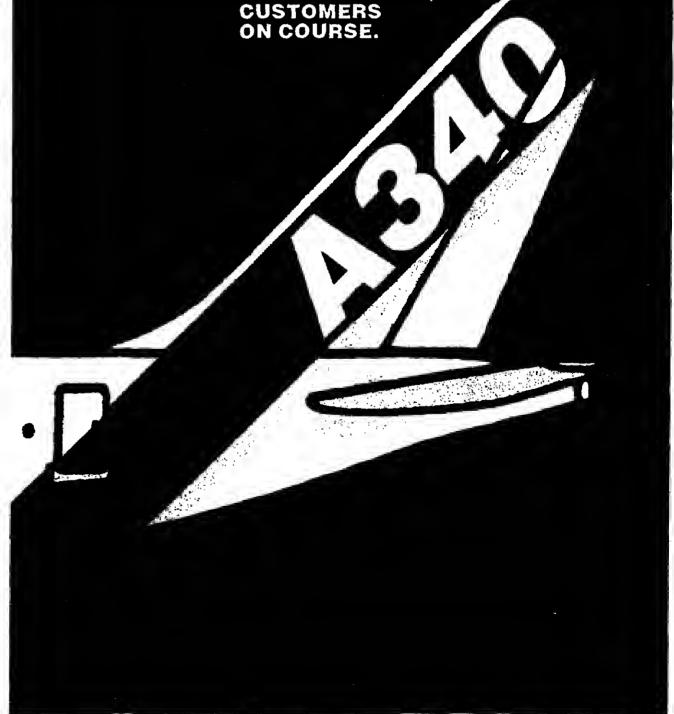
They had to commit massive resources to a continuous Mark Tokya to The 620. and comprehensive research and testing programme, constantly evaluating reliability, efficiency and, abova all salety they have always ceen determined to seek out

thair aircraft to offer customers new and bettar ways of traing profitable.

Most importantly, Airbus Industria have climbed to the highest levels by offering airline customers something they didn't have before - freedom of choice. Airtus industrie products have had to the tietter

at avery step of the way. How else would they have becoma so succassful?

GAIRBUS INDUSTRIE SETTING THE STANDARDS



Airbus Industrie have now delivered over 1,300 aircraft to over 110 customars. But delivery isn't the tail-end of the relationship: it's the beginning of a partnership. Those aircraft will the expected to tly reliably and cost-effectively for many years to come, so Airbus Industrie have created a worldwide Customer Service Directorale, able to deal in 23 languages and with spares track-up in key locations This ensures that customers gel a 24-hour global support and recrinical service, wherever their aircraft may be.

Airbus industrie also set standards in the usa of CD-ROM and multi-media techniques to halp customers be even more effective and thorough in their day-to-day operations, training and maintenance programmes

Building the linest aircraft and keeping them operating with maximum reliability, safety and cost-effectiveness to keep customers profitably on course - that's how Airbus Industrie have become, and will continue to be. world leaders.

> **GAIRBUS INDUSTRIE** SETTING THE STANDARDS

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By Martin Baker

ARIS — If you enjoy paradoxes, the international airline industry is a sure source of pleasure. Some say that the business that transports people around the world is only international in the narrowest seose, and they point to the difficult progress of "openskies" negotianons, which are uften hampered by national self-interest, to justify

Others argue that the attention paid to management expertise in the airline inoustry makes little sense: Given the international and national political games going on, many company managers often have little room to maneuver — or so they

Then there are those who claim that one really cannot talk about airlines in terms of investment attraction since, political considerations aside, the international airline industry is very much the creature of the economic cycles of the countries it

The progress of diplomatic moves toward a free market in air travel has been both difficult and slow. For instance, the United States and Britain announced an agreement last week that would allow mar-Let access to non-flag-carriers and would free up several routes across the Atlantic. But the European Commission is threatening court accon to prevent such bilateral deal-making.

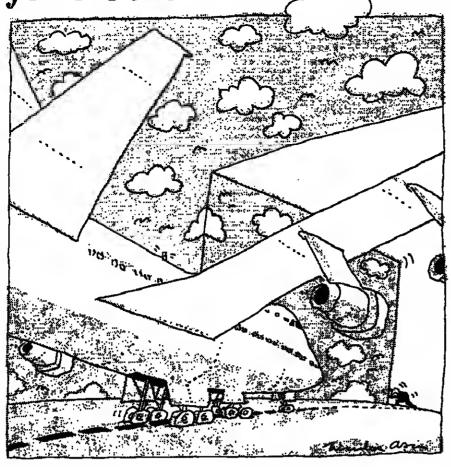
'At present, operators need to be at least associated with a carrier of the country into which they are flying," said Chris Tarry, an analyst at Kleinwort Benson Securities in London, "There is a move toward open skies, but it is dogged by regulations from many countries.

But in spite of the regulatory climate within the EU, he added, consumers have found ways to squeeze value out of the market. About 85 percent of ockets sold for flights within the EU are discounted. Mr. Tarry said - a surprisingly high percentage, given the relative lack of competition for most intra-Europe routes.

In addition to international politics. members of the airline industry have to fight a war at home if they wish to attain profitability or avoid losses. Much of airline management's success --- or otherwise - depends on the attitude of the local

British Airways is cited by many analvsts as a classic turnaround company. Since its emergence from state control in the 1980s, the company has risen in the industry to become "the second most profitable company in the world, in terms of pure cash profit, after Singapore Airlines." according to Mike Powell, an aviation analyst at NatWest Securities Ltd. in London. British Airways reported a record pretax profit for 1994 of £452 million (\$678 million) for 1994 despite a special charge related to USAir, the money-losing carrier in which BA holds a 24.6 percent equity

Mucb of that transformation was the Am result of a favorable political climate, said



Guy Kekwick, an analyst at Lehman Brothers in London. "BA would certainly admit Lufthansa posted a group net profit of that part of its success is because of the cooperation it received from the Thatcher

government, he said. One analyst in New York, who spoke on condition of anonymity, argued that the history of Air France showed the other side the industry is in a cyclical upturn. of the political coin.

Back in 1993," the analyst said, "the French government managed to stab its management in the back and shoot itself in the foot when dealing with Air France's labor unions. There was a climb-down and a total loss of face.

Air France, resigned shortly after the unions' triumph.

Mr. Powell of NatWest Securities said that Air France, despite its labor costs, was now doing reasonably well in a strong market. But expensive labor agreements are still dragging down other European carriers, he added, clting Alitalia as a prime

Cutting costs — particularly labor costs, which for airlines typically make up 30 percent to 35 percent of total costs — is seen as one of the few universally applicable tests of management skill.

Mr. Kekwick of Lehman Brothers said that Lufthansa AG provided a good illustration of what can be done. "1992 was a desperate year for the company," he said. But its management used the dire financial circumstances to negotiate with its 48,000 to 40,000, and Lufthansa is now for the International Herald Tribune.

302 million Deutsche marks (\$214 million) in 1994, its first profitable year since

But this is clearly a vintage year for

We are two years into recovery now, by the Association of European Airlines in London showed traffic up 8.8 percent and capacity up by 6.6 percent for 1994. Mr. Powell reckons the recovery has at least a few more years to run. "We think 1998 is Bernard Anali, then chief executive of the earliest potential peak for this cycle,"

Mr. Tarry, however, argued that 70 percent of the volume of international air traffic was determined simply by economic conditions.

Mr. Powell said that separating out what part of an improvement in an airline's earnings was attributable to an economic upturn as opposed to good management was one of the most difficult points to analyze in the sector.

Some say that problems in making that distinction makes airline stock, if not unmanageable, too volatile to hold on to for "As with all investment, timing is ev-

erything." said an aviation analyst in Paris. But with the airline industry, it's absolutely everything,

labor force. The head count fell from MARTIN BAKER edits the Money Report

Turbulence Ahead for Qantas Shares

Qantas financial results, in millions

He described U.S. and European in-

But he said it would be "stretching

things" to hope to get anywhere near the 2

billion dollar target price for the stake.

While the price depends on the per-

sion in Australia and Asia, has made Qan-

tas more valuable. The airline posted an 80

percent increase in profit after taxes during the second half of 1994, to nearly 129

returns on funds invested, more consistent

service and aggressive marketing," said

Gary Pemberton, chairman of the airline.

Practices Commission, provided some

wheo it approved an arrangement with

Australia's antitrust regulator, the Trade

and 1.7 billion dollars.

dollars before costs.

million dollars.

stitutions as "hungry airline investors."

On the Block

of Australian dollars.

Net profit

By Michael Richardson

YDNEY — The government's re-cent decision to allow a substantial increase in foreign ownership of the national airline, Qantas Airways Ltd., is expected to stimulate investor interest when the state's remaining stake in the carrier is sold off next month.

But analysts doubt that the government will achieve its target price of 2 billion Australian dollars (\$1.45 billion) for its 75 percent stake in Qantas.

The airline has had its share of good news recently: It improved in its financial performance and won approval in May by Australia's antitrust regulator of a cooperative arrangement with British Airways PLC that is expected to trim costs further. But Qantas still faces turbulence as it heads toward an inidal public offering.

The government announced in its annual budget message May 10 that it would raise share flotation. the limit on foreign ownership of Qantas to 49 percent from 35 percent. It earlier planned to offer only a 10 percent stake to foreign investors in addition to the 25 percent beld by British Airways, which paid 665 million dollars for its stake in De-

Briosh Airways will not be allowed to few weeks, he said, a realistic estimate add to that stake, as the government's limit on individual foreign stakes will stay at 25

Participation of additional foreign investors "should help ensure that the government attracts the full value for Qantas" while retaining a fair sbare for Australian huyers of the stock, Finance Minister Kim

Qantas controls about half of the air evel market within Australia and flies to 25 foreign destinations in Asia, the Pacific, Europe, the United States and southern

frica. "Qantas has sharpened its commercial So far, support for the Qantas share issue focus with a disciplined drive for better Mr. Powell said. Figures released last week from Australian fund managers and institutional buyers has been only luke-

> Stewart Brentnall, head of the equities division at Schroders Australia Ltd., said he expected the increased portion available more good news for Qantas on May 12 to overseas investors would sell quickly, adding some needed momentum to the British Airways allowing the two carriers

to share passengers, revenue, prices and schedules on routes between Australia and

The decision, which reversed an initial rejection of the proposal by the antitrust body in November, cleared up a significant element of uncertainty hanging over the Oantas share issue.

Oantas and British Airways originally expected to save around 90 million dollars a year from the code-sharing and coordination alliance. But analysts said the savings might turn out to be much smaller because of the conditions imposed by the regulators. These included a limit on fare increases for three years and the simultaneous approval of additional competition on the Australia-Britain route from Virgin Atlantic Airways Ltd., an arch-rival of British Airways, which will initially be allowed in via a code-sharing arrangement with Malaysian Airlines.

Qantas faced a further challenge in April when Hong Kong, acting on a complaint from Cathay Pacific Airways Ltd., said that as of July 1, it would limit the number of passengers Qantas could carry from Hong Koog onward to Bangkok and Singapore to 50 percent of those traveling on any given

flight.
Hong Kong officials claimed that 85 per-cent of Qantas travelers leaving the British colony had no intention of visiting Australia formance of the stock market in the next would be somewhere between 1.4 billion and should, therefore, be on Cathay Pacific. There will be 750 million shares on

the Hong Kong flag-carrier.

They said this alleged abuse of so-called offer, so an average sale price of 2.20 dollars a share would bring in 1.65 billion fifth-freedom rights to pick up passengers in Hong Kong was costing Cathay Pacific 30 million Australian dollars annually in A new management team at Qantas, combined with belt-tightening and expanlost business.

James Strong, managing director of Qantas, responded that Cathay Pacific en-joyed "virtually unrestricted rights to carry Australians anywhere," but that the carrier simultaneously wanted to "limit severely" the number of passengers Qantas could take from Australia via Hong Kong to other destinations.

Australia threatened retaliation, saying it would approve continuing Cathay Pacific's current service to Australia only until June 30, instead of Oct. 28 as the carrier had sought. Both sides have agreed to hold fresh talks on the issue, and analysts expect a compromise to be reached.

Code-Sharing Opens New Air Markets

Continued from Page 11

their loog-haul services into each other's domestic and regional flights and operating code-sharing aircraft. Lufthansa and United al-

ready bave a trans-Atlantic alliance that offers about 100 code-sbaring services daily to 55 destinations in the United tates and Europe.

vices agreement, probably later Air Lines of the United States by Thai Airways and United.

'Customers oowadays are demanding access to a global system, not single airline networks," said Hendrik van Op-stal, general manager of United in Singapore.

inforced by cross-sbarehold- Lines and Air France signed an MICHAEL RICHARDSON is

this year, trans-Pacific code-sharing flights and schedule co-Qantas and USAir, and KLM ordination can be put in place Royal Dutch Airlines and Northwest Airlines.

In March, Northwest and Air New Zealand agreed to participate in each other's frequent flyer program, share airport facilities and offer joint fares and

Singapore. sales support.
Similar global alliances, re-. Earlier this month Japan Air

in airport operations and sales development, fly joint freight operations and explore other ways to work together. Delta and All Nippon Air-

ways announced in June 1994 that they would discuss a wideranging business alliance, po-tentially the first such deal between a Japanese and an American airline.

Once the U.S. and Thai govings or equity stakes, already agreement to link their for Asia of the Inter-ernments finalize a new air ser-link Singapore Airlines, Delta quent-flier programs, cooperate national Herald Tributes 1

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119.13	120.01	-0.73	Consumer Goods	116.66	116.10	+0.48
112.50	112.45	+0.04	Miscellaneous	131.11	131,28	-0,13
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Mesa Gets Low Bids For Gas Reserves

DALLAS - Mesa Inc. said Monday that bids for its prize Hugoton Field reserves of natural gas in Kansas had fallen far short of expectations and that it was considering other options to reduce debt.

Mesa is selling the reserves. considered some of the richest natural-gas deposits in the United States, to lower its \$1.2 billion in long-term debt, which has crimped its ability to finance new drilling.

T. Boone Pickens, the natural-gas company's chairman, said last month that other reserves in the Hugoton area recently bad sold for about 93 cents per 1,000 cubic feet (30 cubic meters). At that price, Mesa would have received \$1.1 billion for its properties. The highest offer the company received was 63 cents, for a total of about \$750 million.

"It is not realistic that we accept a price which is clearly less than the intrinsic value of these premium properties," Mr. Pickens said.

Mesa stock fell 50 cents to close at \$4 in New York. The sale of the Hugoton

properties remained a priority, Mr. Pickens said, adding that Mesa might divide the assets into several pieces to permit small buyers to participate in

■ FMC Corp. to Buy Mooreo FMC Corp. said it would ac-

quire Moorco International Inc. for \$313 million, or \$28 a share, 40 percent more than its original offer for the Houstonbased maker of pressure-control equipment, according to a Bloomberg Business News report from Chicago.

Moorco's board last month rejected FMC's \$224 million hostile bid as too low.

Fliers Wary of U.S. Offer

By Barry James

PARIS - Washington offered U.S. satelbite technology, free of charge, 10 the world Monday in what the head of the Federal Aviation Administration called a bid to improve aerial navigation, but European space officials said they detected as a Trojan borse.

In the atmosphere of commercial saberrattling that permeates the Paris Air Show, the FAA official, David R. Hinson, denied that the offer was part of a U.S. attempt to gain technological superiority in a key area.

The European Space Agency, the European Union and Eurocontrol, the air traffic organization, announced meanwhile that they were working on a joint program to provide Europe with its own control of satellite-naviga-

European space officials said they suspected the U.S. offer was an attempt to thwart European initiative and undercut competing satellite, space and communications technologies.

But Mr. Hinson insisted there were no strings attached to the offer to make the U.S. global positioning satellite system, or GPS, available to the world's airlines free of charge for 10 years. He said it would enable pilots to know exactly where they were anywhere in the world by triangulating signals from three or more of 24 U.S. military satellites orbiting 11,000 miles above the Earth.

To counter European fears that the United States was trying to establish technological superiority in a key field, Mr. Hinson replied that the system would be administered by the International Civil Aviation Organization, a

European countries have been wary of relying on the U.S. global positioning system and



a similar Russian system called Glonass because both are under military control.

U.S.-European trade conflict bas emerged as the major theme at the air show, with beavyweights Airbus Industrie and Boeing Co. locked in an open battle for customers.

Mr. Hinson, a former executive with Mc-Donnell Douglas Corp., dismissed talk of a trade war, saying commercial struggle between private companies benefited both airlines and air passengers. But European indus-trial chiefs, including the Airbus head, Jean Pierson, criticized the United States over the plunging dollar, which is the currency of reference in the industry.

Italian Markets Skid on Victory For Berlusconi

MILAN - Former Prime Minister Silvio Berlusconi's victory in a referendum on his television interests sent a shiver tbrough financial markets Monday as investors feared renewed political tension in Italy.

After weeks of relative political calm, markets became concerned that Mr. Berlusconi, revitalized by the referendum, would seize the occasion to press his demand for snap general elections.

Dealers reported that the Bank of Italy had probably bought some lire on the open market as the Deutsche mark rose to 1,185 lire from a close Friday of 1,164 lire.

big blue-chip stocks like the sion system. carmaker Fiat SpA, which tumbled by more than 2 percent.

brokerage Intersim.

al that would have forced the Sunday.

two of his three national televis sion stations.

The result was a significant boost for Mr. Berlusconi, whose n-political star has dimmed since idhe was toppled from power in December by a mutiny in his center-right Freedom Alliance coalition

General elections before the 12t end of the year could leave the Pi-current interim government of of. Prime Minister Lamberto Dini utwithout enough time to draw up "g needed budget cuts for next year and push them through the re legislature.

Mr. Dini bas won applause from the financial community, which would prefer to see an The government bond market also lost ground, and the Mibtel index in Milan fell 1.62 ning an accord with unions to percent, with selling focused on reform Italy's expensive pen-

The former central banker, who was Mr. Berlusconi's trea-"The markets fear that Ber- sury minister, said his governlusconi is going to demand elec- ment's future did not depend tions immediately," said Anto- on the outcome of the voting. nio Federico of the Milan dums. "There is absolutely no direct link between the results Investors took fright after of the referendum and the dura-Italian voters rejected a propos- tion of the government," he said

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Central Bankers Warn of Volatile 'New Landscape'

By Carl Gewirtz International Herald Tribune

PARIS - Central bankers warned their governments Monday that financial markets would increasingly punish those countries that failed to spend within their means and control inflation.

The warning was offered in an annual report by the Bank for International Settlements,

the Basel-based bank for central banks.

Andrew Crockett, a former Bank of England official who is now general manager of the said that "the power exercised by financial markets" can only "continue to increase" and he urged policy makers to un-dertake "what adjustments were inevitable and to initiate them in a preemptive manner."

The annual report said those adjustments included reductions

in fiscal deficits and debts and continued vigilance in containing inflation. Citing accelerating wholesale prices in the United States, Britain, Italy, Spain and Sweden, it warned that "inflationary pressures may be stron-

er prices implies."

The only exception was Japan, where there was "some risk that an outright process of deflation could be triggered.

ger than the behavior of consum-

to have amounted to a capital loss of some \$1.5 trillion, and eign-exchange market are evidence of a "new landscape," the swings may well be greater and their consequences furtherreaching than in the past.

That kind of volatility can frighten investors away from government bonds and thus Last year's turbulence in raise borrowing costs by forcing

world bond markets, estimated issuers to pay high interest rates. The new landscape "puts a premium on policies conducive this year's volatility in the for- to financial discipline," the report said, adding, "Strategically, a firm longer-term focus on report said, where extreme price price stability is the best safe; guard, one which can only be achieved with the support of fiscal discipline."

In the view of the BIS, the only positive aspect of last year's turbulent markets and the result-

See BANKERS, Page 16 i

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Thinking Ahead /Commentary

The G-7 Emperors Have No Clothes

By Reginald Dale International Herold Tribune

TASHINGTON — One of the more alarming comments about this week's annual summit meeting of the Group of Seven industrialized countries came from a senior Canadian official who was trying to be reassuring.

"The first point I want to make about the Halifax summit," the official told journalists in Washington last week, "is that it is very clear that the leaders have taken control of the summit process." That seriously misleading claim was

intended to rebut suggestions that the summit's outcome had been "precooked," after the embarrassing leak of a draft of the final communique 10 days in advance. As all good officials know, an iron rule of summits is that the leaders must take all the credit.

Unfortunately, for some years now, there has been precious little to take credit for. The annual summits have become increasingly flagrant demonstrations of the G-T's failure to tackle the main prob-lems facing the world economy.

Of the 20 summits held since 1975, independent analysis generally rate only four or so as big successes, none of them in recent years. And even when the lead-

ers have agreed on action, they have often failed to follow through.

In the words of John Kirton, a summit specialist at the University of Toronto, "The issues at the heart of monetary and

financial policy are those where compli-ance has been least strong. Moreover, summit agreements on managing exchange rates have been strikingly ineffective, producing on the whole the opposite

tive, producing on the whole the opposite of what was agreed."

There would be much more bope for the G-T's future if leaders stopped pretending to be in charge of the summit process and acknowledged that they have become its prisoners. They have become trapped in a sterile ritual, in

Their summits have become increasingly flagrant demonstrations of the group's failure to tackle the problems facing the world economy.

which their main role is to pose for cameras and endorse marginally relevant communiqués that have indeed been cooked up by their officials.
Lulled into inertia by the lavish media

coverage and their own self-importance, they seem unaware of the emptiness of their gatherings, much in the way that Hans Christian Andersen's Emperor could not see that he had no clothes.

Of course, the leaders occasionally make feeble attempts to break out of

their gilded cage. They promise to reduce the pomp and circumstance and revert to smaller, more informal gatherings next

But they don't follow through. They allow their staffs to fix the agenda and dictate the size and composition of the delegations — no fewer than a staggering 2,000 official participants are expected

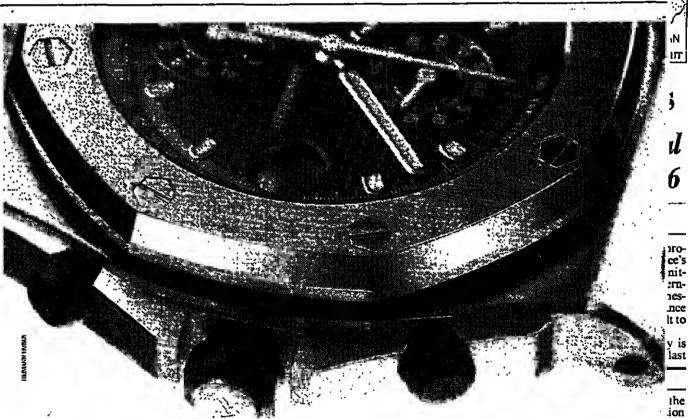
this year. By recent standards, Halifax may qualify as a modest success. The leaders will announce steps — duly "pre-cooked," of course — to head off further Mexico-style financial crises.

But they will dodge the two most obvious issues that cry out for attention currency instability and the buge threat to the world trading system posed by unilateral U.S. sanctions against Japan.

Last year's promise of a radical review of international economie and financial decision-making bas also predictably fizzled out. While there will be some tinkering with the International Monetary Fund and the World Bank, here too, the leaders will duck the most pressing chal-lenge: to reform the G-7 itself.

It is not that difficult. There is no shortage of good suggestions for making the G-7 more effective and more representative of today's world. Only the leaders seem unable to grasp what almost everyone else knows, that with the end of the Cold War and the birth of the global economy, the old G-7 is being overtaken

It is high time the leaders shook off their inertia, took a good look at their own nakedness, and really "took control of the summit process."



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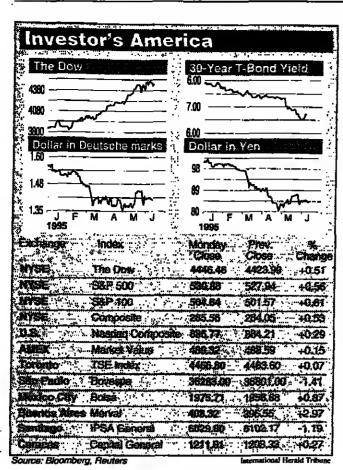
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Very briefly:

Microsoft Signs Up Network Allies

WASHINGTON (Reuters) — Microsoft Corp. said Monday that it had signed agreements with more than 60 independent content providers who would offer products and services to small and home-based businesses on its new Microsoft Network.

Microsoft said the providers included CNBC, the cable news channel owned by General Electric Co.'s National Broadcasting Co.; the information services unit of Dun & Bradstreet Corp., and the U.S. Small Business Administration.

The Microsoft Network will be offered as a fee-based electronic mail and bulletin-board service to users of the Windows 95 operating system, which is supposed to be available in August.

The New York Times Co. and Knight-Ridder Inc. will make the full text of The New York Times available over Knight-Ridder's on-line services for business users.

Boeing Co. is close to signing orders with Taiwan's two largest airlines for as many as 12 of its new 777 jets. The deal would be worth some \$1.75 billion, a company official said. NYT. Bloomberg

Weekend Box Office

6

The Associated Press

LOS ANGELES - "Congo" dominated the U.S. box office over the weekend with a gross of \$25.2 million. Following are the Top 10 moneymakers, based oo Friday ticket sales and estimated sales for Saturday and Sunday.

IV. MOCI LIVE	(Touchstone)	51.2 million
9. "Johnny Mnemonic" 10. "Mod Love"	(Tristar)	\$1.4 million
8. "White You Were Sleeping"	(Hallywood Pictures)	\$2.4 million
7, "Forget Paris"	(Costle Rock)	SZ.5 million
6. "Crimson Tide"	(Hallywood Pictures)	\$4,9 million
5. "Broveheort"	(Poromount)	5\$4 million
4. "Die Hard With a Vengeonce"	(Twentieth Century Fox)	S6.3 million
3. "The Bridges of Madison County"		\$9.1 million
Z"Cosper"	(Universal)	2001111m &.0r2
1. "Congo"	(Paramount)	525.2 million

Is IBM Bidding Farewell to OS/2?

By Laurence Zuckerman New York Times Service

NEW YORK - By succeeding in its surprise bid for the desktop software maker Lotus Development Corp., has IBM signaled the end of its quixotic quest to develop a mass market for its own beleaguered OS/2 software?

IBM says no, but many analysts disagree, and they point to no less of an authority than Louis Gerstner Jr., IBM's chairman and chief executive.

"This acquisition has absolutely oothing to do with OS/2," Mr. Gerstner said at a oews conference last Monday, and be reiterated the sentiment Sunday, saying, "The two companies will find ways to work together in many product areas across the board, but this is not an OS/2 statement."

With those words, Mr. Gerstner sigoaled that the company's boldest lean yet in personal computer software was being taken with little regard for OS/2 - a product on which IBM has spent seven years and several billion dollars in a losing

States says it will impose \$5.9 billion worth

of punitive tariffs against Japanese luxury

battle against the Windows software oper-

Now, instead of continuing to try to unseat Windows, IBM is attempting to rise

Lotus Development Corp. is the only large software company that writes appli-cations — spreadsheets, word-processing programs and the like - for the IBM

NEWS ANALYSIS

OS/2, an operating system that like Windows controls the inner workings of a

personal computer. But rather than discussing the potential benefits for OS/2 that owning Lotus would bring, Mr. Gerstner instead devoted most of his remarks last week to Notes, the hot-selling Lotus software that lets people

collaborate over computer networks. Lotus Notes, be said, would become the focus of IBM's vision to create a common link between various types of computers that now speak different languages.

If Notes becomes an industry standard, as Mr. Gerstner hopes, it would greatly reduce the importance of operating sys-tems — whether OS/2, Windows, Apple Computer's Macintosh, Unix or any other. That is because Notes could be made to

run atop virtually all operating systems. While Microsoft is at work on a product to compete with Notes, called Exchange, it would lack many of the key features of Notes and is not expected until later this year at the earliest.

"It's an outflanking maneuver," Scott Winkler, an operating systems analyst with Gartner Group, in Stamford, Connecticut, said of IBM's desire for Lotus.

'It is not guaranteed to succeed, but it is a better strategy than going toe to toe with Microsoft."

■ Raises All Around

IBM followed its acquisition of Lotus by awarding raises to 28,000 engineers and programmers, Bloomberg Business News reported.

The company also decided to soften the blow of a recent and less popular decision by reducing its salary cut for executive secretaries to 30 percent from 36 percent.

U.S. and Japan End a Day of Fruitless Car Talks

automobiles, both sides merely reiterated

their long-standing positions. GENEVA - American and Japanese A negotiator for the United States, Anofficials ended a day of talks on their drew Stoler, said the two sides had no plans to meet Tuesday. He said the U.S. automobile trade dispute Monday with no sign of progress to head off threatened delegation had informed the Japanese of Washington's "regret" over Tokyo's refus-With two weeks to go before the United

al to open its automobile market. The bead of the Japanese team, Kazuo

Asakai, again demanded that the administration drop the threat of sanctions before

Tokyo resumes substantive talks on giving U.S. companies more access in Japan.
In Washington, the White House played down prospects that President Bill Clinton and Prime Minister Tomiichi Murayama might break the stalemate on the sidelines of the Group of Seven summit meeting this week in Halifax, Nova Scotia.

IBM and Disney Spur a Stock Rally

Compiled by Our Staff From Dispatches NEW YORK -- Stock prices rose Monday as gains in International Business Machines and Walt Disney raised hopes that a slowing economy would not crimp corporate profits as

much as expected. IBM gained 1 to 90% after Lotus Development accepted the company's sweetened \$3.52

U.S. Stocks

sition gives IBM control of a tems climbed % to 46%. key communication software program and another \$1 billion

in annual sales. When you have \$10 billion in cash and need a future, taking a chance on something like this is very smart," said Robert Torray, president of Robert E. Torray & Co. "Having \$3.5 billion in the bank doesn't do any

The Dow Jones industrial average rose 22.47 to 4,446.46 after rising as much as 41.50 points. The gain erased part of

very three that fell on the Big Board, where 290.96 million shares changed hands, down

30 stocks, surged 1% to 59 amid

ny's new animated film, "Pocahontas," would give a big boost to profits during the next three years. The movie premiered over the weekend.

The Nasdaq composite index umped 3.60 points to a record 887.98, led in part by software shares in the wake of IBM's buyout of Lotus. It was the seventh gain for the index in nine

Among the leaders, Oracle billion cash buyout. The acquirrose 1/2 to 3714, and Cisco Sys.

> Chiron surged 6% to 61% and Cephalon soured 7% to 18% after clinical studies showed Cephalon's Myotrophin drug which it is developing with Chiron, lessened the severity and slowed the progress of Lon Gehrig's disease, Morgan Stanley, Wertheim Schroeder and Dillon Read upgraded Chiron

But the IBM-Lotus alliance Microsoft shares feil 11/2 to 831/4 the 34.58-point drop on Friday. amid concern that the pooled About four stocks rose for assets of the two companies would pose formidable compe tition for Microsoft

The benchmark 30-year bond from 331.40 million shares on price rose 16/32 to 112 2/32 as the yield slipped to 6.69 percent Disney, one of the average's from 6.72 percent.

(Bloomberg, AP)

BANKERS: BIS Warns of Volatile 'New Landscape' and Urges Governments to Rein in Inflation and Deficits

Continued from Page 15 ing losses is that they may herald

something of a watershed for the derivatives markets."

Those relatively new financial instruments - highly leveraged and lightly regulated have expanded dramatically in recent years, providing desired liquidity to underlying markets but amplifying the volatility of prices at times of stress.

The report said last year's osses combined with diminished margins, increasing earnings volatility and adverse publicity about derivatives would have "greatly heightened risk awareness and attention to internal cootrols."

Mr. Crockett said at a oews conference that the central

Johannesburg

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24.90 4.98 19.90 7.40 4.96 15.60 19.30 10.70 16.50

London

24.70 4.92 19.50 6.55 4.86 15.40 6.80 19.10 10.40

bank chiefs doubted their ac- in short-term interest rate dif- the \$26 billion increase shown

"I don't think there would be an initiative to control ex-

Foreign Exchange

change rate movements independent of the fundamentals,"

If anything, be said in the report, official intervention may be more successful if carried out sparingly, and in the cootext of clearly articulated macroecocomie policies." As for coordinated interest-

rate adjustments, be cautioned against exaggerating what that could achieve. He said changes

tions could bave a lasting im- ferentials were steadily more pact on the currency markets, supportive of the U.S. dollar Bloomberg Business News re-during 1993 and 1994 "with little apparent effect" on the exchange rate.

The report said it was "neither desirable nor feasible in today's global financial system' to return to capital controls or to tax foreign exchange transactions. The only lasting answer to exchange-rate instability, it said, was for individual countries to establish domestic policies that markets judge to be "sound and sustainable."

As a side oote, the report appeared to confirm long-standing market assumptions that Tokyo's intervention to restrain the yen last year far exceeded

Oslo

in the official reserves of the The report said official de-

posits of dollars with Euroanks outside the United States had jumped nearly \$32 billion, the largest increase ever recorded. It is an open secret in the foreign exchange market that Japan has spent more than it officially reported to restrain the appreciation of the yen. The aim, according to private bank-ers, was to hide from the public how intense the npward pressure has been.

The bankers also reported that by placing dollars with Japanese banks instead of investing in short-term U.S. gov-ernment paper, the central bank enabled the commercial banks

18.96 34 N.T. 288.01 281 13.80 84 19.25 6600 25.01 109 1.51

to considerably reduce their need to borrow in the interbank market when domestie badloan problems might have driven up their borrowing costs.

■ Tokyo Stocks Hurt Dollar The dollar slipped against the yen and most other major currencies amid concern that tumbling Japanese stock prices would prompt Japanese investors to sell overseas assets to

from New York. "I think there's a lot of repatriation going on," said Varick Martin, manager of foreign ex-

cover losses at home, Bloom-

support their own market. The tendency at the moment is for a stronger yen and weaker dollar." The dollar closed in New York at 84.00 year, down from 84.35 on Friday, and at 1.4027 Deutsche marks, down from

Against other currencies, the dollar closed at 4.9315 French francs, lower than its Friday close of 4.9465, and at 1.1552 Swiss francs, off from 1.1595 francs.

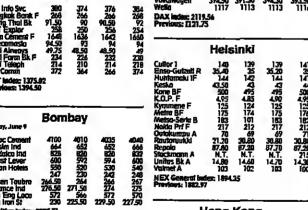
berg Business News reported The pound fell to \$1.5940 from \$1.5945.

The U.S. currency was hurt by a report that an unidentified Bank of Japan official had said change at Manufacturers & more signs of weakness in the Traders Trust Co, in New York. U.S. economy could drive the "Money has to come home to dollar lower, traders said.

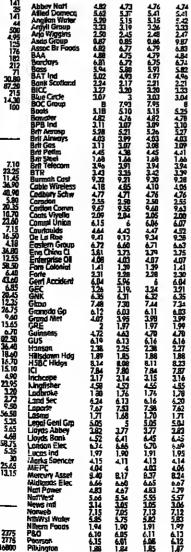
WORLD STOCK MARKETS

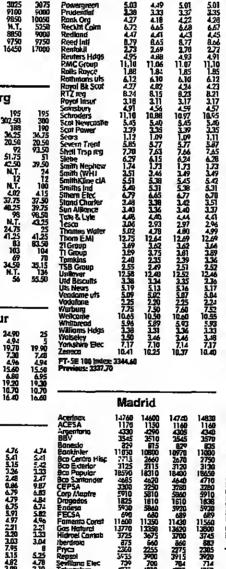
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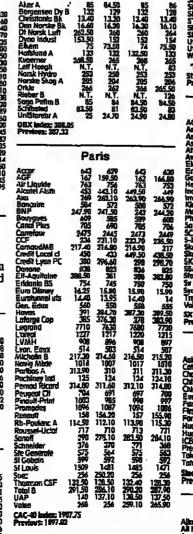




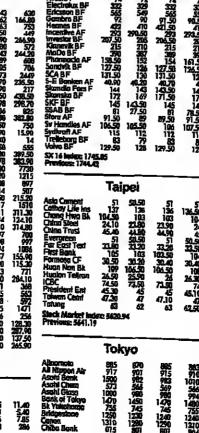


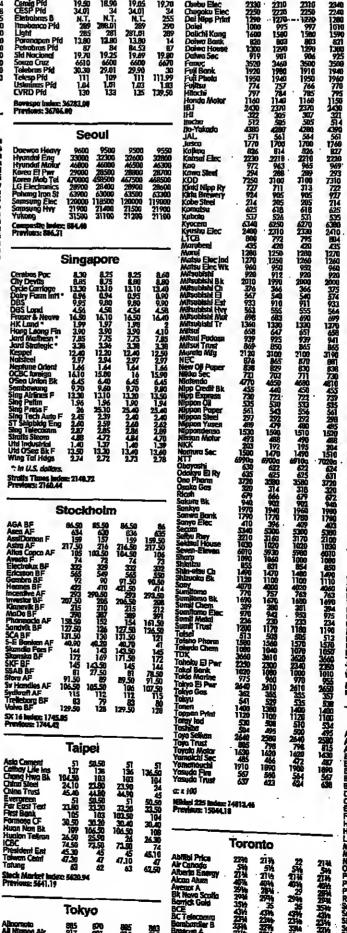


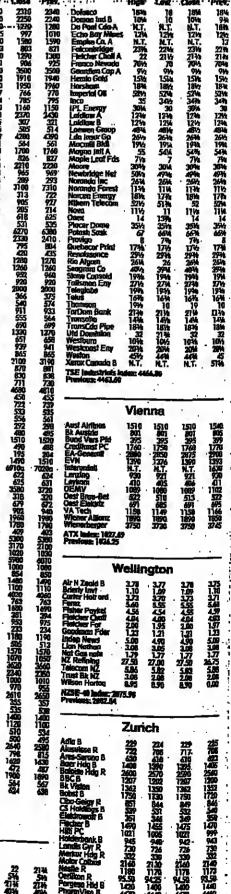


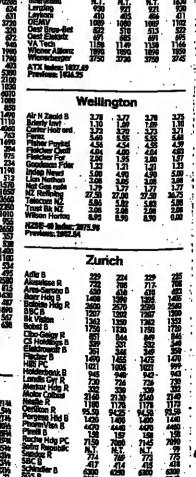


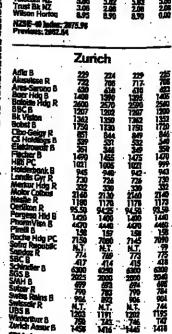












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EUROPE

INTERNATIONAL HERALD TRIBUNE, TUESDAY, JUNE 13, 1995

End to Swiss Paper Chase? International Paper Trips in Quest for Holvis

Compiled by Our Staff From Dispatches ZURICH - International Paper Co. suffered a setback gins Wednesday.

Monday in its 487 million Swiss franc (\$362.2 million) bld to take over Holvis AG. a Swiss textiles and paper distribution By, when a court rejected its complaints about a rival bid-The Basel Civil Court dis-

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missed International Paper's claim that Holvis's board had acted illegally by recommending a lower offer of 443 million francs from BBA Group PLC, a British industrial and engineer-

Holvis's share price slipped 4 francs to 500, bringing it into line with BBA's offer price and esting investors were seeing suggesting investors were stimula little chance of International Paper winning the battle.

Separately, BRA announced that it had bought 69,177 Holvis shares for 500 francs each on the open market, raising its stake m the Swiss company to

18.9 percent from 11 percent.
BBA's official tender offer berate deal to sell its Fiberweb

The mub of the matter is that IP did not secure any legal in-junction against the board of Holvis," Byron Ousey, a Holvis," Byron Ousey, a spokesman for Holvis, said.

The court's president, Jürg Zogg, confirmed that Interna-tional Paper had a right of appeal. He warned, however, that the appeal process could take

International Paper, the U.S. company that unleashed Switzerland's first hostile takeover battle with an unsolicited bid for Holvis in April, obtained a temporary injunction from the Basel court last week restraining Holvis from selling a block of shares to BBA. But the court ruled after a formal hearing Monday that the injunction should be lifted.

It also rejected International Paper's claim that Holvis had

unit to BBA for 250 million francs even if a higher bid emerged for the whole compa-

The U.S. group, which saw its original 435 franc bid trumped by BBA's 500 franc offer offer st month, said it would raise its bid to 550 francs if Holvis tore up the Fiberweb "lock-up"

But Holvis said BBA would never have bid as much as it did without the separate Fiberweb deal, which it said was legally binding.

Swiss anthorities ruled Wednesday that although "lock-up" agreements designed to discourage rival hidders would be banned under a new Swiss exchange law coming into force next year, the current takeover code allows managers to take defensive measures.

(Reuters, Bloomberg)

Christiania Bids for Loan Firm

OSLO - Christiania Bank & Kreditkasse said Monday that it would try to acquire the mortgage institution Norgeskreditt Holding AS. Christiania, the largest commercial bank in Norway, said it would offer shareholders 200

kroner (\$33) for each preferred share of Norgeskreditt. The bank's managing director, Borger Lenth, said acquiring Norgeskreditt would make Christiania the "market leader for long-term mortgage

loans in Norway. The offer must be accepted by holders of 90 percent of Norgeskreditt's shares. In addition, the Finance Ministry must grant permission for a financial institution's shift of ownership.

Christiania said that, if the acquisition went as planned, it would retain Norgeskreditt's core business and sell off its subsidiaries Finansbanken AS and Nacringsinvest AS.

The bid came after merger talks between the

two institutions collapsed June 2.

Norgeskreditt, which traded Friday at 188

kroner a share, was suspended Monday morning from the Oslo bourse. When trading resumed, the price shot up 12, and 20,000 shares were traded immediately.

Norgeskreditt, which had earnings of 14.02 croner share for each preferred share in 1994, has 15.34 million preferred shares outstanding. Christiania's board said its bid would expire

Businesses Assail 'Unhelpful' Sea Of Regulations

BRUSSELS - European companies face too many regulations, many of which are badly drafted and enforced, according to a study released Monday by the main European iness lobby, known as UNICE.

François Perigot, president of the Union of Industrial and Employers' Confederations of Europe, said, "Regulations reduce the competitiveness of European companies by deressing innovation, inhibiting operating efficiency and slowing down the process of structural adjustment.

His comments marked the release of a study that combined the results of surveys, workshops and interviews among 2,500 companies from 20 European countries.

Companies singled out laws on tax administration, employment and the environment as the biggest villains, with more than 50 percent of those surveyed finding regulations in those areas either "unhelpful" or "very unhelpful."

Their remarks related to the cumulative effect of local, national and European Union laws, the study said.

Nearly 80 percent of companies, which ranged in size from those with a handful of employees to those with thousands, said there were too many regulations. More than half said the laws were too complex or that they differed across national

Just under 40 percent thought regulations changed too rapidly or were inconsistently enforced, the study said. The study is part of a drive by European businesses to roll back and simplify legislation, particularly laws drawn up for

the 15-country EU. The study steered clear of specific conclusions, making only general points about withdrawing laws — without specifying which ones - drafting better-quality laws and using other forms of government intervention to control business.

"We are not here to change completely the EU's decisionmaking process," Mr. Perigot said. "We are here to try to improve the way things are done, to make people conscious of the results of their decisions."

He said EU governments and institutions should begin their review of competitiveness by looking at what had gone

"They should start hy looking at what's going on and hy being conscious of the negative impact of all those regulations," Mr. Perigot said.

Unigate Says Cost Of Job Cuts **Hurt Profit**

Compiled by Our Staff From Dispat LONDON - Unigate PLC said Monday it planned to cut 1,500 jobs in a reorganization for which it took a £55.1 million (\$87.9 million) charge against annual pretax earnings.

The food and car-rental company said pretax profit for the year ended March 31 fell 43 percent, to £58.3 million. Sales fell 4 percent, to £1.89 billion. Unigate said deregulation of the milk industry had led to a £40 million rise in its milk costs.

In early March, Unigate said rising milk prices and declining sales of processed products would force it to take a provision to cut jobs and streamline its business. The jobs will be eliminated over the next three years. Stock in Unigate fell 3 pence,

to 401. The company raised its dividend for the year to 18.2 pence a share from 17.3 pence. One-time charges, including the one for the reorganization, rose to £58.3 million from £11.1 million a year earlier.

Operating profit rose 2 per-cent, to £107.3 million.

Unigate said it would start its reorganization by cutting milk bottling capacity by 40 percent. The company added that it would expand its operations in Continental Europe. (Bloomberg, AFX)

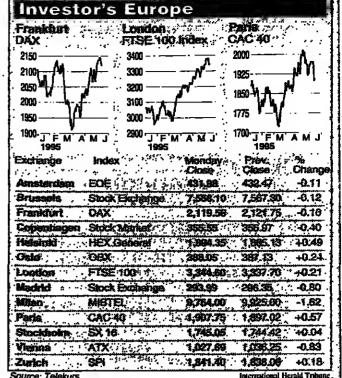
■ British Inflation Eases

Prices of raw materials and finished goods in Britain rose more slowly in May than in April, easing concerns that interest rates would have to rise to quell inflation, Reuters reported.

Producer prices rose a provisional 0.2 percent last month, slowed from 0.6 percent in April. Year-on-year inflation in producer prices, however, remained at 4.2 percent.

Seasonally adjusted input prices, measuring the cost of raw materials to British manufacturers, also rose 0.2 percent, compared with 0.8 percent the previous month.

The rise in inflation is gentle. It's not accelerating aggressively," Trevor Williams, an economist with Lloyd's Bank 1995 to rise I percent in Western Germany and 2 percent in Eastern Germany.



Very briefly:

• Europe's auto market was 0.9 percent weaker in May with a total of 1.08 million registrations, according to estimates published by 7 French car companies.

• The European Union's unemployment rate held steady in April from March at 11 percent, or 18.2 million people, but was down from 11.4 percent a year earlier.

• Spain's unemployment rate slipped to 15.86 percent, or 2.46 million people, in May from 16.16 percent in April and 17.37 percent in May 1994.

French consumer prices rose 0.2 percent in May, hringing French inflation over the year to 1.6 percent, according to provisional figures.

• Mirror Group PLC of Britain launched a cable channel, Live TV, which will beam a round-the-clock diet of entertainment and

• The Scotch Whisky Association said British sales of Scotch fell ² 26 percent, to 14 million bottles, in the first quarter of 1995 from a ³ year earlier.

• Zurich Insurance AG and Swiss Bank Corp. extended a marketing agreement to a broad range of products including comperation. in property, liability and accident insurance.

Norway's retail trade rose 7.1 percent in April from a year earlier. • Rodamco Retail Nederland NV's net profit in the first quarter ? rose to 11.7 million guilders (\$7.47 million) from 11.6 million

guilders a year earlier. Repsol SA is completing an agreement with the Austrian concern OeMV AG to operate jointly in the chemical sector,

according to the financial daily Expansion. Deutsche Bank AG's earnings from domestic operations fell 25

percent in the first quarter from a year earlier, according to an article in the newsmagazine Der Spiegel. It also said the hank's corporate lending business was currently "in the red." The EU's competition commissioner, Karel Van Miert, will meet the French and German telecommunications ministers in Luxem-

bourg on Tuesday to discuss the Atlas joint venture between -

Deutsche Telekom and France Telecom. Bloomberg Resters. AFX, AFP

Rising Mark Can't Keep Germany's Chemical Industry Down percent for the period, indicating that the ministry said its latest figures were producers were able to pass on the rising not as rehable as they had been and may Germany's M3 money supply, mean-Compiled by Our Staff From Dispatches

FRANKFURT - Sales and prices rose for the German chemical industry in the first quarter, even though the surging Deutsche mark hurt exports, the chemical industry association said Monday.

In its quarterly report, the association expressed concern that the rise in the value of the mark would continue to hurt German exporters. Sales volume in the chemical industry

in Western Germany grew 10 percent, with the strongest growth coming in basic bulk chemicals and pharmaceuti-

costs of raw materials, it said. The group made what it called an

"admittedly conservative" forecast of a percent rise in industry sales for the

. Industrial production in Germany, meanwhile, rose a preliminary 2.9 percent in February from January and 4.6 percent from a year earlier, the Economics Ministry said. The ministry has beal production.

be revised. The ministry said the output index,

which brought Germany into line with European standards, had calculation Karstadt Has Pessimistic Outlook problems and difficulties with seasonal adjustments. It said industrial output in Western

Germany rose 2.1 percent in February and 2.9 percent on the year. In Eastern Germany, which accounts gun using new indexes to gauge industri- for one-tenth of the overall economy,

production increased 12.9 percent in Feb-

U.S. STOCK MARKET DIARY

while, contracted at an annual rate of 1.5 percent in April from a year earlier. (Bloomberg, Reuters, AFX)

Karstadt AG said expected increases

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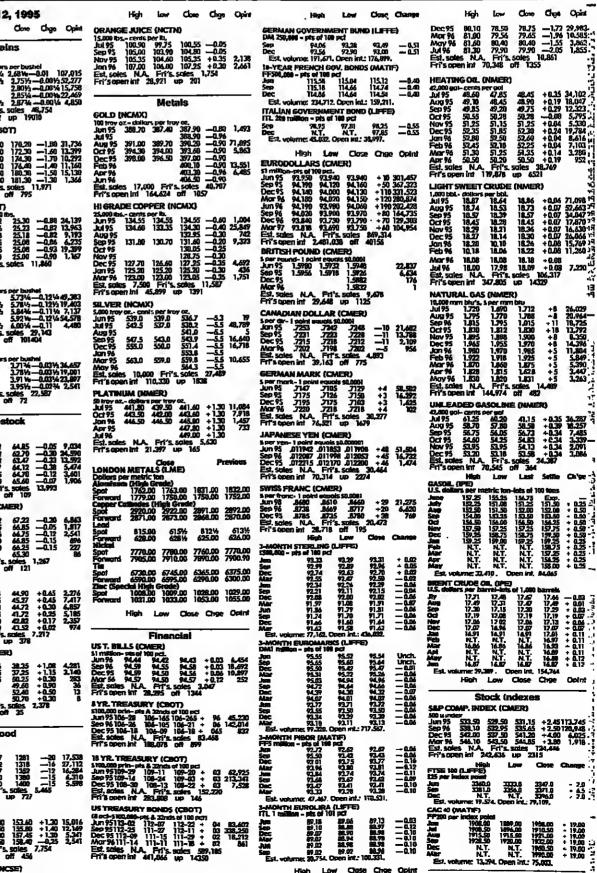
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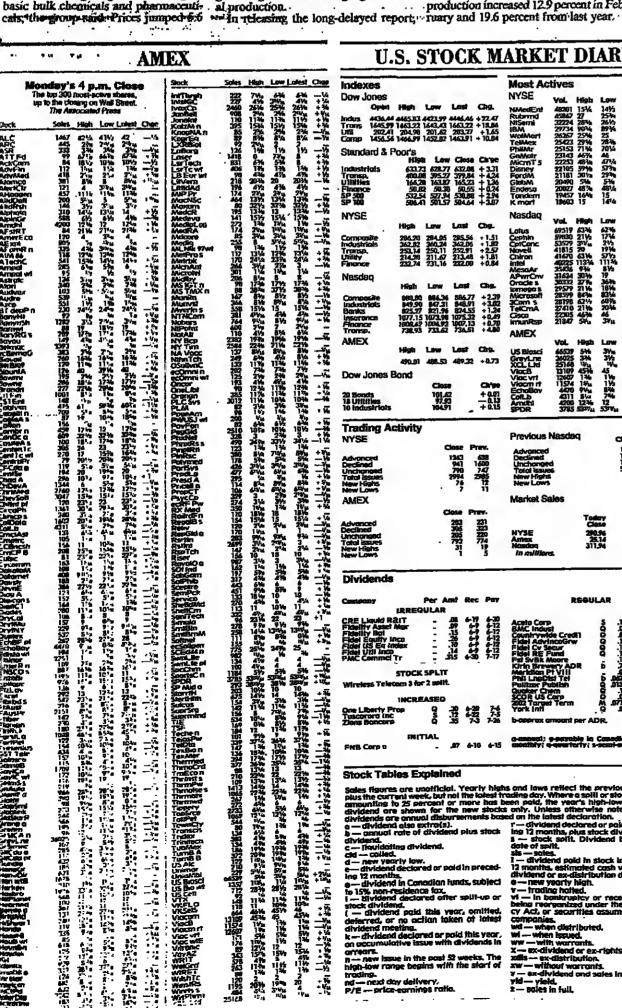
in consumer spending would not be enough to lift its earnings in 1995, Bloomberg Business News reported from Essen, Germany. In its 1994 annual report, the retailer said it expected consumer spending in

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ASIA/PACIFIC

'Japan's Insurers Blame the Market For Weak Results

TOKYO — Japan's eight largest insurers said Monday that falling stocks and past promises to pay policyholders high returns were the reasons for slowing asset growth in their latest financial year.

Our insurance business was in good shape, but we suffered unexpectedly big damage on as-set management," said Azuma Ono, a managing director at Chiyoda Life Insurance Co.

The insurers said their aggreite premium incomes rose just 0.09 percent, to 22.47 trillion yen (\$266 billion), in the year ended March 31, attributing the feeble growth to an increase in policy rates and slowing economic growth.

Investment returns were also reak. Average investment yields for the eight companies ranged from 1.31 percent at Chiyoda to 3.32 percent at Yasuda Life Insurance Co. Half the companies saw returns of under 3 percent, compared with roughly 5 percent they had forecast.

Because the life insurance companies do not issue stock, they are not required to report profits. Traders and investors, however, pay attention to any financial details that the insurers divulge.

insurers do with their money is over the year.

important to other Japanese investors. The 27 companies control about 170 trillion yen in assets, making them the biggest bloc of capital after Japan's 125 million citizens. Together they own roughly 14 percent of the stock of corporate Japan stock of corporate Japan.

Moreover, traders and investors have been watching insurers closely since they sold 340 bil-lion yen worth of stock in May — twice as much as in any single month before. Most of that stock, analysts say, was sold by the eight large life insurers.

Some analysts are afraid the insurers' exodus from the stock market will continue. "It just seems that the insurance firms in particular have gotten it into their heads that they shouldn't be in the stock market at this time and are leaving regardless of the level," said Mark Baxter, vice president of equity derivative products at the investment house CS First Boston.

Other analysts say that the eight largest life insurers hiyoda and Yasuda plus Dai-Ichi Life Insurance Co., Sumitomo Life Insurance Co., Meiji Mutual Life Insurance, Nippon Life Insurance Co., Asahi Life Insurance Co. and Mitsui Life Insurance Co. — have good reason to get out. All saw the value One reason is that what life of their stock portfolios shrink

Tokyo Says It Has No Plans To Support Equity Prices

TOKYO - Despite a sliding stock market and a call from a major industrialist for an interest-rate cut, Japan said Monday

that it had no plans to support weak equity prices. Kyosuke Shinozawa, Japan's vice finance minister, said he hoped financial markets would see the ministry's program to address Japanese banks' nonperforming loans as a step to revive the economy. The program, announced Thursday, was seen by

analysts as an attempt to restore confidence in the markets. But traders said the package, which included conditional use of Bank of Japan funds to rescue ailing financial institutions, included few effective measures and disappointed investors.

Japanese stocks fell Monday aimid growing concern that the economy might be slipping back into recession. The benchmark Nikkei Stock Average fell 1.53 percent, to close at 14,813.46. The

index fell 2.58 percent Friday.

Shoichiro Toyota, chairman of Toyota Motor Corp. and of Japan's Federation of Economic Organizations, called on the agovernment to take all possible economic stimulus measures, including a further cut in the official discount rate, the Kyodo news agency reported.

"A cut in the official discount rate and all other possible measures have to be taken to prop up the economy," he said. The Bank of Japan has already brought down its key lending rate to an all-time low of 1.0 percent.

Industrial Bank of Japan Ltd., a commercial bank, separately said it would cut its long-term prime rate to another record low of 3.1 percent, from 3.6 percent, as of Wednesday. Other long-term credit banks are expected to follow suit.

(Bloomberg, Knight-Ridder, AFP, AFX)

A Trade Battle for Kodak Crusading Chairman Takes on Fuji Film

barriers are uncovered and

take retaliatory action if such

The trade office has until

Mr. Fisher's fight involves a

far smaller slice of bilateral

trade than the continuing fight between Japan and the United

States over automobiles — the

profits involved are measured

m hundreds of millions of dol-

lars, rather than billions, an-

nually. Negotiations in the

automotive dispute resumed

photo market is similar to the

one he used at Motorola in

Back then, he first argued

that Japanese companies

were dumping pagers and cel-lular telephones at artificially

low prices. Later, he persuad-

ed Japanese government min-

isters to allocate radio fre-

quencies so that Motorola's

cellular telephone system

could operate between Tokyo

For Kodak, the market of

the future in both Japan and

the United States is digital

imagery - electronic photo-

bottleneck."

His line of attack on the

Monday in Geneva.

the 1980s.

July 2 to decide whether to

take Kodak's case.

By John Holusha

ROCHESTER, New York - George M.C. Fisher, the chairman of Eastman Kodak Co., is not the first American executive to argue that Japan tilts its competitive playing field. He may not even be the most vociferous. But he certainly is persistent.

A decade after he challenged Japan's control of its market in pagers and cellular telephones while chairman of Motorola Inc., he is at it

Last year, he won a product-dumping action against Fuji Photo Film Co. that has all but driven Fuji's color-print paper out of the U.S.

More recently, he filed a complaint with U.S. trade of-ficials accusing the Japanese government of conspiring with Fuji to protect 70 per-cent of the consumer photofilm and paper market in Japan from competition.

As a result, Kodak asserts, Fuji has amassed a \$10 billion war chest that it uses to subsidize efforts to bolster exports. It says this "profit sanctuary" gives Fuji an unfair advantage under international trading rules because it allows the company to undersell Kodak in other markets.

Kodak seeks an investiga-

tion by the U.S. trade reprecompact and floppy disks and manipulated and transsentative's office under a section of the 1974 trade law that mitted with a few keystrokes. empowers the government to investigate assertions of un-

As the company makes this fair practices, negotiate with change from its roots in other governments if trade chemical imaging, Mr. Fisher has formed alliances with companies such as Microsoft Corp., Sun Microsystems Inc. and International Business Machines Corp.

> But chemical film and other photographie products still pay the bills. Mr. Fisher said that because Kodak has been held to less than 10 percent of the consumer-products market in Japan, compared with more than 40 percent in Europe, it is being deprived of resources that it needs to develop those future products.

Representatives of Fuji in the United States have denied that the parent company has engaged in restraint of trade.

But they said it might be some time before they could present a detailed response. Japanese officials assert that Kodak dominates the U.S. market as completely as Fuji dominates Japan's.

According to statistics compiled in Japan, Kodak has a 10 percent share of the market there, while Fnji dommates with a 70 percent share. In the United States, the ratio reverses: Kodak holds a 71 percent share, while Fuji

Auto Parts: Prying Hard to Sell in Japan

and Nagoya, Japan.

Bloomberg Business News

TOKYO - When asked why foreign companies have such a small share of Japan's anto-parts market, trade officials here often say the companies just are not trying hard enough; the experience of AMP Inc. seems to indicate otherwise.

AMP fought for almost two years to get a part smaller than a sunflower seed into Toyota Motor Co.'s cars. The fight took 10 engineers, 10 salespeople and three quality-control experts the better part of that time.

The company, which has been in Japan since 1957, has been selling comparable parts to Toyota for 20 years. AMP makes the tiny electric jacks that join thousands of wires connecting, for example, a

car's tail lights to the battery. An average sedan uses 3,600 of these parts, which cost about one cent each, AMP spent four months going through a battery of tests. Sample jacks, called contacts,

were tested at AMP's expense for durability, conductibility and quality. Reams of data were analyzed, translated and handed over to About every other week for the next 18

months, Toyota met with AMP executives in Japan. Each time, Toyota had a new list of "In the States, you know what to expect,"

well as foreign companies. "Where the shock or frustration comes is in

Japanese manufacturers say such rigorous testing is standard for domestic suppliers as

change. It seems like there's bottleneck after

the cultural differences in standards," said Steven Berkov, a Toyota executive. "Japanese suppliers are just used to it. When other companies hear what we expect, it seems

Remarkably, executives at AMP and other foreign suppliers see rigorous testing, red tape and negotiation as minor problems. By far the biggest barrier they face, the say,

is the keiretsu system, an entrenched network of manufacturers, parts suppliers, dealers and financiers that make up Japan's auto industry.

Competing with those bonds of cooperation, trust and mutual shareholding, forged as Japan battled to build a world-class auto

industry, will take a long time. Despite the difficulties, U.S. companies are slowly increasing their sales in Japan. The value of U.S. parts exported to Japan rose percent last year, to \$430 million. More than 1,200 U.S. companies are doing business here, a fourfold increase since 1986.

Still, imported parts account for a mere 2.4 percent of Japan's \$107 billion auto-parts market. In the \$122 billion U.S. parts market, imported components account for 33 percent said a manager at AMP Japan Inc. Here, it changes. It's never the same. The questions

Job Title

China Acts To Control **Land Use**

BEIJING — The Ministry of Construction has issued regulations to cool the country's "development zone fever," the official China Daily reported Monday.

Under the regulations, plans for the zones, which have mushroomed in recent years, must be included in the overall construction plans of cities.

must win the approval of urban planning departments to ensure that they conform with the City Planning Act in terms of the site, the way the land is to be used and the density and height of huildings. Zou Shimeng, director of the

ministry's Urban Planning Department, said too many develonment zones had been huilt m China, especially since 1992, and that this "fever" must be brought under control.

In 1984, Beijing approved the first economic and technological development zones in 14 coastal cities, offering investors preferential terms.

Since then, thousands of zones have shot up around the country, many of them built without feasibility studies or proper planning, Mr. Zou said, causing a huge waste of land and funds.

Currently, 122 development zones have been approved by the state, with the large major-ity of the rest set up by lower levels of government.

Thousands of zones now cover close to 10,000 square kilometers of land, an area larger than that of all the nation's cities combined, the China Daily said.

The English-language newspaper said the zones had played a significant role in attracting foreign funds, management techniques and technology. But both their number and size bave been larger than necessary, it Many have been built with-

out careful feasibility studies and planning, Mr. Zou said.

Mr. Zou blamed the situation. on local government officials. Stock Exchange.

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Very briefly:

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 Mitsubishi Chemical Corp. said pretax profit for the year to March 31 rose to 16.30 hillion yen (\$192.3 million) from 2.69 billion yen a year earlier. Net profit was 3.04 billion yen, reversing a loss of 2.91 hillion yen; sales rose 24 percent, to 1.34 trillion yen. • NEC Corp. raised its forecast for domestic shipments of personal computers in the current year to 2.8 million units from 2.3 million; the company shipped 1.81 million units last year.

• Cheung Kong (Holdings) Ltd. sold about 1,000 apartments over the weekend for an average of 2,115 Hong Kong dollars (\$273) a square foot (about \$3,000 a square meter) at its Kingswood Vilias development in Hong Kong's New Territories. Analysts said the sale indicated that prices had bottomed out,

· Citicorp, China Everbright International Ltd. and a subsidiary of the Brunei Investment Agency launched a \$102 million closed-end investment fund specializing in China.

• China will reduce its so-called favorable import tariff rate on minibuses to 100 percent on July 1 from 180 percent and will cut the rate on blank video tapes to 50 percent from 25 percent.

• Taiwan approved \$394.1 million of investment in China in January through May, a 6 percent rise from a year earlier; it also approved \$832.8 million in investment by foreigners in Taiwan during the period, an \$2 percent jump. • Berger International Inc. and De Leuw Crater International Ltd.

won a contract to supervise the reconstruction of Highway 1 in Vietnam; the U.S. companies will oversee a \$320 million project to viden and repave 435 kilometers (270 miles) of the road. • Malaysian unit-trust funds had a net asset value of 35.7 billion

ringgit (\$14.62 billion) in 1994, compared with 28.1 billion ringgit in 1993. Finance Minister Anwar Ibrahim said the funds accounted for 7 percent of the market capitalization of the Kuala Lumpur AFX, AP, Bloomberg, Knight-Ridder

India Pursues New Energy Investors

the effects of a power-project controversy, India launched a drive Monday to attract foreign inrestment to its energy sector.

N.K.P. Salve, the energy minister, began a ment in other energy projects in India. two-week tour of the United States, Britain and Hong Kong, accompanied by a delegation of from some Indian politicians and newspapers, officials, bankers and industrialists seeking partners for joint-venture power projects.

But the tour is likely to be overshadowed by continued doubts over the future of India's big-gest power project, a 2,015-megawatt gas-fueled it would cost the state.

Reusers plant overlooking the Arabian Sea being built by BOMBAY — In an apparent attempt to limit a unit of Texas-based Enron Corp.

This month, the United States warned India to build the plant would jeopardize U.S. invest-

came amid an inquiry by the newly elected government of Maharashtra, the Indian state of which Bombay is the capital, into how the contract had been awarded to Enron and bow much

Bounces Back

Bloomberg Business News TOKYO — Stock in Showa Line Ltd. rebounded Monday after the company acted to quiet speculation that its debt would cause it to sink into

hankruptcy. Speculation about the shipping company's fortunes caused its share price to drop to 81 yen (96 cents) from 154 by the end of last week. The shares rose 11 Monday.

An accounting move to include a healthy affiliate in its books allowed Showa to raise shareholder equity to 3.8 billion yen from 1.6 billion yen, analysts said, but the company's debt is still 32 times its equity. store in Beijing in retaliation.

Showa Line Stock Critic of Beijing Will Launch Paper

Bloomberg Business News Jimmy Lai plans to launch a daily newspaper on zine column, but its underwriters pulled out. June 20 and to sell shares in his company on the

Hong Kong stock exchange.

The chairman and founder of Next Media
Group said he had spent \$100 million to set up
Group said he had spent \$100 million to set up
independently and to not have a full front-page
advertisement, a break from tradition here, will
advertisement, a break from tradition here, will keeping newspaper prices high and suppressing criticism of Beijing ahead of the transfer of the British colony to China in 1997.

"We will take a very firm stand on China," Mr.

clothing company, Giordano Holdings Ltd., last said had been forced into prostitution by loan year after he blamed the Chinese prime minister, sharks. Visit Peng, for the massacre near Tiananmen

Li Peng, for the massacre near Tiananmen

Square in 1989, and China closed its flagship that set newspaper prices, his paper's cover price is actually the same as that of most competitors.

Next Media was on the verge of a listing in HONG KONG - The crusading publisher Hong Kong when he attacked Mr. Li in a maga-James Miles, an analyst at Asia Equities, said,

put pressure on the colony's 20 Chinese-language papers, already struggling with falling advertis-

ing revenues and rising newsprint prices.

A dummy copy of the paper produced last week looked a bit like USA Today, on which Mr. Lai says it is modeled. The front page included Mr. Lai stepped down as chairman of his stories on a property auction and maids who it

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Miracles Must Continue For English and French

By Ian Thomsen

CAPE TOWN - With thanks to a couple of practiced miracles, England and France are one game away from meeting in the Rugby World Cup final. They carry European underdog bopes to the semifinals next weekend, but what makes them dangerous is their magic.

Once they've come down from a twoday respite in Sun City, the English will spend this week convincing themselves that the fantasy of Rob Andrew's winning 40-meter drop goal Sunday against Australia was in fact an expression of team character. That character will be their strength against New Zealand. England will seek to play the tight game, soaking up the punishment, trying to do to the relentless All Blacks what Muhammad Ali did once to George Foreman. The English will hope to absorb all that the meteoric Jonah Lomu can throw at them, frustrating him and emphasizing that the All Blacks' confidence has been beefed up against darkhorses and no-hopers.

New Zealand's coach, Laurie Mains, began working on that line Sunday after the 48-30 quarterfinal victory over Scotland when be said, "I don't doubt that we'll go into the semifinal as underdogs. Their pack is a pretty awesome unit. If you look at the game out here today and the game in Cape Town, people would be saying that we won't give them too land on Saturday. France seemed a much trouble. We've got a lot of mental

work to tidy up our game." In fact, the All Blacks will be favored. hut he doesn't want them to be shocked and mired in doubt should they find the hard southern soil might seem futile; things flowing not so smoothly against but then France can always recall its the disciplined English. In their first pair of historic Test victories in New match of real pressure, how will the All Zealand last year. Blacks react once they find England tackling harder and more relentlessly for the world championship just three than Scotland, Ireland or Japan?

SCOREBOARD

Major League Standings

AMERICAN LEAGUE

New Zealand — with five punched through by forwards. If it's a tight semifinal, will the All Blacks prove to be tight enough? Maybe they will, maybe they won't; but for sure such questions will eclipse the point-spreads. Mains admits that his team's style is necessarily

But none needed to be conceded," be said of Scotland's three tries. "It all boils down to individuals not sticking to their game plan. They are playing other patterns and therefore creating scoring opportunities for the opposition because the rest of our team don't know what's going on. I guess we've got a lot of work to do to tidy up our game to be competi-tive against the English."

Of course, it's not as bad as he would paint it, either. Though Australia wasn't up to its 1991 level, it still overcame a t3-3 England advantage and even held the lead late in the game before faltering, 25-22. As for the All Blacks, they had their match in hand with 28 points in the first seven minutes of the second half. The outcome was already settled when Scotland responded.

"You're playing very physical, in-tense, high-pressure rugby," warned captain Gavin Hastings after his final Test for Scotland. "Unless you do the basics right, unless you really play to the best of your ability, then mistakes will happen, and when mistakes happen tries

more relaxed and confident team than the one that beat Scotland a week earlier on a last-play try. For the Europeans, the idea of stealing the World Cup on

Meanwhile, the frenzy of challenging years after its return to international Despite their physical disadvantages, play seems to be unraveling the South those teams score eight tries against Africans. First there was the brawl

Cermier (9), Ryan (9), Hudson (9) and Mac-forione. W—Stattlemyre, 5-1. L—Smith. 1-2. HRs—Oakland, McGwire 3 (17),

Lira, Bosver (8) and Flaherty; Rocke, Ste

vens (9), Robertson (9) and Wolbeck, W-Lira, 2-3, L-Radke, 2-4, Sv-Boyer (1). HRS-Defroit, Flaberty 2 (4), Steverson (2), Samuel (5), Mirnesota, Meares (4),

Bailinare 200 801 100—4 10 1 Langston, Percival (7), Smith (9) and Fa-bregos; Moyer, Oquisi (4), Orasca (8) and Holles, W—Langston, 5-1, L—Moyer, 1-2, Sw—Smith (16), HRS—California, Hudler (2), Salmon (11), Ballimare, Bass (3).

Seattle 382 118 880-7 12 9
New York 84 818 125 25, Viliane (5), Netson (5),
Fray (7), Ayala (8) and Kreuter; Rivera,
MacDonald (3), Manzanitio (5), Howe (7),
Wetteland (7) and Leyritz, W--isowe, 2-2,
L--Fray, 0-2, Sw--Wetteland (7), HR5--Seat-

He, E. Martinez (9), Krevier (1), T. Martinez (9), New York, G.Williams (2), B.Williams (5).

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Block, Assemmocher (6), Piunk (7), Poole
9) and Tucker: Scanlan, Wesman (4),

(14 innings) Conc. Castillo (19), Hall (19), Timiin (19)

(7), Lloyd (8) and Diver.

rne. W--Pichardo. 3-1.

(9) and Tucker; Scanlan, West Rightnower (7), 1 lovd (8) and

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Jonah Lomu, who shredded the Scots, will be England's biggest problem.

against Canada, resulting in the suspension of two starters; now there are the worst kind of charges from the Western Samoan captain, of racist taunts Saturday by the mainly Afrikaner opponents during South Africa's 42-14 victory. The Samoan, Pat Lam, declined to elaborate, leaving the Springboks to deny the vague charges, understanding that they have little international credibility in

such issues. It was another violent game with the referee slow to react to late hits hy the Samoans, and Joost Van der Westhuizen - at the center of the Samoan complaints — was seen exchanging words with them.

When the game was almost over and we were so far ahead, why the hell would I do something so stupid?" Van der Westhnizen said It also mounted more pressure on

Pittsburgh 002 100 001—4 7 0
Florido 000 010 026—3 7 2
White, Plesoc (71, Micel) (8) and Parent;

Rope, Y. Perez (8), Nen (9) and C. Johason. Decker (9), W-Micell, 1-2 L-Nen, 0-4. HR-PiH:burgh. Parent (7).

COMPERENCE FINALS

Gerroll wins series 4-1)
First Period—1, Chicogo, Savord 7 (Craven, Suter), 19:18 (po), Panallies—McCarry, Del traushing), 1:48; Reenlide, Chi troughing), 1:49; Reenlide, Chi (roughing), 1:5:35; Primeau, Det (sloshing), 10:04; Nichols, Chi (tripping), 12:07; Amonte, Chi (roughing), 15:36; Ciccarelli, Def (roughing), 15:36.

NHL Playoffs

NEW JERSEY PHILAGELPHIA

wing Chester Williams, whose presence while scoring a record four tries Satur-day was used as flimsy response to the even flimsier charges. Perhaps Williams would be a better spokesman for the "One Team, One Country" Springboks if be and his actions were allowed to speak for themselves. After the heat has passed, one wonders how he will look back on the role he bas assumed during this tournament.

Samoan fullback Mike Umaga was suspended for 90 days Monday by the World Cup disciplinary commission for his tackle that broke the finger of South Africa's Andre Joubert, among the world's best fullbacks, was "70 per-cent confident" of playing against France after undergoing surgery Satur-

South Africa's other six injured players are expected to be ready then.

(McCarty, Errey), 11:36, Penaltie ding), 5:5); Smith, Chi (slashing), 94-year history.

Third Period—None, Penulties—Roenici Chi (roughing), 12:18; Kaziov, Def (rough ing), 12:18. Oil (holding stick), 12:85; Errey, Def (reugh-1091, 12:05. Second Overtime-Delrol). Kazlov 8 (Fe-

Carry, Brown), 2:25. Penalties—None. Shots on sool—Cricoso 5-2-7-11-1-26. De-Irol 7-20-11-7-2-47. Power-stay Opportent-Hes—Chicopo 1 of 21 Detroil 6 of 4, Goulles-

PHILAGELPH)A 1 0 1—2
(New Jersey leads series 3-2)
First Period—1, New Jersey, (AocLean 4
(Guerin, Niedermover), 3:42.2 Philodelphia,
Dineen's (Yushkavich, Semeover, 7:28 (cot.),
New Jersey, Corpenter) (McKoy, Deem),
17:17 (pp), Penalties—Guerin, NJ (Intertence), 1:34; MocLean, NJ (Bordinst, 6:31)
Designibles, Phi (Pooking), 7:46; Anloski, Phi
(holdinat, 15:22; Lindros, Phi (stashing),
18:58.

Houston: Elle 69 2-2 17, Horry 6-1) 6-8 20, DiGuwan 16-33 3-5 31, Drexier 9-10 6-10 22, Smith 1-7-0-2 Jones 0-0-0-0, Cassell 3-9-2-3, Chilcuit 0-0 0-0 0, Brown 0-0 2-2 2, Yotoka 39-84

3-Point geals—Orlando 8-31 (Anderson 4-12, Shaw 2-5, Hardaway 1-4, Scott 1-8, Turner 0-1), Housian 7-19 (Eile 3-4, Horry 2-5, Drester 1-3, Cassell)-3, Smith 0-4), Foeled est—None, Rebounds—Orlando 46 (Grant, O'Nool, Anderson 101, Housian 55 (O'diuwan 14), Assista—Orlando 30 (Hardaway 1-1), Housian 21, Technicai3—Orlando 12, Housian 21, Technicai3—Orlando lilegal defense; Houston lilegal defense; Houston lilegal defense; Houston lilegal defense; Houston lilegal defense; season.

6 Hits, 5 Runs and 3 RBIs Overcome Giants 13th, Tony Tarasco was walked intentionally before Tim Laker tripled both home, snapping an Padres 6, Mets 3: Brian 8-8 tie and giving the Expos a Johnson's three-run, ninth-in-

outscore the Giants by 30-16.

player with a hot bat. His team-

hits, one a homer, and drove in

five runs Sunday, while Mike

Benjamin got four hits, stole

two bases and scored three

son and Nelson Linano gave

Pittsburgh its victory at Florida

after relievers Dan Plesac and Dan Miceli frittered away a 3-1

Phillies 2, Dodgers 1: Heath-

cliff Slocumb struck out Carlos

Hernandez with the bases load-

ed in the bottom of the ninth to

preserve Philadelphia's victory

the last by Lenny Webster. The

Dodgers' Mickey Morandini

lead in the eighth.

But White wasn't the only

After his first trip to the plate, Rondell White had a hint. But he couldn't foresee just how well the game would turn out. "Once I get a hit in my first atbat, I know I'm going to have a good game," the 23-year-old since August 1984. White was 11 for 16 and scored 10 runs in the weekend

White Lights Up the Expos

center fielder for the Montreal Expos said. "When I get in a streak, I do pretty well." NL ROUNDUP Against the San Francisco sweep, which saw Montreal Giants on Sunday, "pretty

well" was an understatement. White led off the second inning with a single. By the time the Expos had outlasted the Giants, 10-8, in 13 innings, White was 6 for 7, setting a Montreal record for hits. And in becoming the team's fourth player to bit for the cycle, he also scored five runs, drove in three and stole a hase

"We've been bragging about "We've been bragging about him, even before he was playing regularly," said the Expos' manager, Felipe Alou. "He's got a devastating swing."

White, after his second-inning single, led off the fourth with a homer, hit a two-rum devalue in the 5fth led off the

double in the fifth, led off the seventh with a double, singled with one out in the 11th, then tripled with two outs in the

The Giants stopped him only once, when he made the first out with a pop-up in the ninth.

three-game sweep at Candle-ning homer gave San Diego a stick Park for the first time sweep of its three game series against visiting New York.

The Padres came from behind for the third straight game. the fifth time on the nine-game homestand and for the 11th time this season. Reds 3, Astros 2: Ron Gast

10th as Cincinnati completed a four-game series sweep, its first in Houston since 1972. mate Darrin Fletcher got four Gant drove a 3-2 pitch from Todd Jones into the left-field

homered with one out in the

seats for his 12th homer of the vear - and fifth against the times for the Giants, who have Astros. ■ In earlier games, reported

lost four straight.
Pirates 4, Markins 3: Ninthinning doubles by Mark John-

in some Monday editions:

Cardinals 8, Braves 4: Bernard Gilkey had four hits and scored three runs to lead St. Louis over Atlanta. Gilkey doubled and hit three singles in his eighth four-hit game in the ma-jors, and walked, stole two bases, drove in a run and made a diving catch to rob Marquis Grissom of an extra-base hit in

the first inning.
Rockies 5, Cubs 1: Dante Biin Los Angeles.

The Phillies scored in the chette extended his hitting sixth on three two-out singles, streak to a club-record 17 games, with his RBI double the highlight of a three-run third, as doubled in the seventh and Colorado won in Chicago.

Belle Cleans Up at Long Last

There is more bad news for the American Leagne: Cleveland's cleanup batter is starting

to clean up.
Albert Belle got three doubles, tied a career high mark with four hits and drove in three runs Sunday as the Indians beat the Brewers, I1-5, in Milwaukee and improved the major leagues' top record to 30-11 with the best start in the club's

Belle went 9-for-16 with five RBIs and raised his batting average to .311 as the Indians beat the Brewers three times in four

Cleveland's manager, Mike Hargrove, said Belle stopped got to County Stadium on

Thursday night. hursday night.

"I think he was trying to hit son in the ninth. 1"

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"I the ball too hard," Hargrove said. "Here in the last four or five days, his bat's quickened up, his hands are quicker and he's seeing the ball better. That's good for us and bad for That's good for us and bad for Mantle Out of Bed and 'Quite Cheerful' tholding, 15:22: Linea vo.

18:38.

Second Period—No scoring. Pencilies—
None.

Third Period—4. Philodelphio, Dineen 6
(Yushkevich, Brind Amour), 3:12.5. New Jersey, Lemieux 10, 19:15. Pencilies—Niedermover, NJ (roughing), 7:14: MocTavish. Philodelphio, Dineen 6
(Mouston tends series 3-9)

Ortands: Green 9-13 0-0 18: Scott 2-13-3-8.

Ortands: Green 9-13 0-0 18: Scott 2-13-3-8.

That's good for us and bad for everybody else when that happens."

Jim Thome and Carlos Baerga homered for the Indiana.

ans, who got 19 hits and atoned for two losses to the Brewers last month at Jacobs Field in their only series loss so far this

Royals 3, Blue Jays 2: After David Cone and Mark Gubicza ducked to a tie into the late innings, Jon Nunnally singled bome the winning run with two

outs in the 10th in Kansas City. to hit five home rous in consec-

In earlier games, reported in some Monday editions:

A's 8, Red Sox 1: Mark McGwire homered in his first three at-bats and tied the major

AL ROUNDUP

doubles, a home run and nine league record for homers in two straight games, as Oakland won in Boston.

With a chance to tie the big league record for home runs in a game, McGwire struck out swinging at a full-count pitch overswinging when the Indians from Mike Maddux in the eighth and walked on four

twice Saturday, became the

Rangers 3, White Sox 2: Juan utive games. He is the only Gonzalez homered for the sec- American League player ever to ond straight game, a two-run accomplish the feat twice, while shot in the eighth that gave host Ralph Kiner did it twice in the Texas its ninth victory in 11 National League.

Tigers 8, Twies 2: Detroit's John Flaherty, who began the game with just two homer in 96 at-bats this season, hit two anddrove in four runs at the Metrodome: -

Yankees 16, Mariners 7: Jim Leyritz, bouncing back from one of his worst days with one of his best, got four hits for the first time in the majors and sin-gled with the bases loaded, driving in the tying and go-ahead runs during a five-run rally in the eighth in New York.

Angels 5, Orioles 4: Lee Smith set a major league record with soces in 16 consecutive anpencances while Rex Hudier homered, doubled and drove in three runs as California won in

-

THE PARTY

37.00E

T to the

DALLAS - Mickey Mantle had recovered enough strength after his liver transplant to hobble a few steps from his bed, one of his doctors said Sunday.

Although be needs support — "He's not ready to dash for a base," said Dr. Goran Klintmalm, medical director of the Baylor Transplant Institute - Mantle could make it to a chair and to the bathroom in his hospital room. He first got out of bed late Saturday and watched some baseball.

Mantle's mood improved as he saw that the worst was over, Klintmalm said at his daily news briefing. "He's actually quite cheerful," the doctor said. "He's finally begun to realize he's

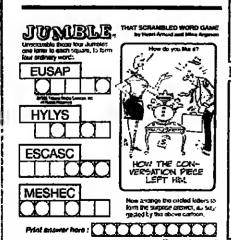
DENNIS THE MENACE

Sunday's Line Scores

Houston St. Louis



IT'LL BE YOUR FAULT IF I DON'T GROW UF TO BE A FAMOUS JUGGLER."



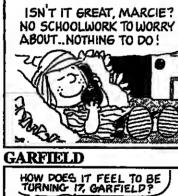
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J. Abbott, DeLeon (3), Fortusino (8) and
Karkovice; Regers, McDawell (3) and Volle.
W—McDowell 20.1—DeLeon, 22.4 Hts—Chicopa, Thomas (10), Texas, J. Genzalez (2).



GREAT



NATIONAL LEAGUE

Polocios. Hebron (5), Fassos (8), Porrett (8), Henke (9) and Pognazzi: Avery, Bedrosion (3), Cloats (4), Stanton (5), McAlichoel (7), Wahlers (9) and O'Brien. Loosz (9), W—Hobyan, 2-1. L—Avery, 1-4. Sz—Henke (12), HRS—St. Louis, Cromer (5), Atlanta,

O'Brien (4).

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Thompson, Leskonic (7) and Girardi:
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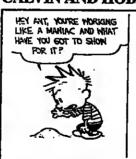


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Stanley Cup Final

After an absence of 29 years, the Detroit Red Wings are back in the final of the National Hockey League's playoffs, with a chance to win their first Stanley Cup championship in

40 years. Vyacheslav Kozlov's goal 2:25 into the second overtime period Sunday night gave Detroit a 2-1 victory over Chicago, eliminating the Blackhawks in the fifth game of the Western

"It feels unbelievable," said Detroit goaltender Mike Ver-

NHL PLAYOFFS

non, "We've worked hard all season. The guys just stuck to the game plan and kept working away. This was the result right

'We advanced to the finals, that's what we've dreamed of and that's what we wanted and

The winning goal came mo-ments after a shot by Chicago forward Joe Murphy had hit the crossbar behind Vernon.

"The time was now to win," Murphy said in the hushed dressing room. "There's nothing more to say. It's hard to swallow. We all thought we would win. But they won it. They're a good hockey club."

Kozlov, with a pass from Sergei Fedorov, and skated past defenseman Chris Chelios. He put a good fake on Chicago goaltender Ed Belfour, who had been brilliant to that point, then blasted the puck between

"As soon as the puck went into the net, it immediately hit me: We're going," said the Red Wings' captain, Steve Yzerman, who tied the score at 1-1 in
the second period. "I've always felt that I would get this

Yzerman's third playoff
goal, from the top of the left
circle at 11:36 of the second
period, finally care on the sed

The Associated Press
DETROIT — Almost Heavdoubted that. But there were times that I wondered if it would come in a Detroit uni-

Detroit last won the charmpionship in 1955. That 40-year drought is longest in the NHL The second longest belongs to the Blackhawks, who last won the Cup in 1961.

It was the third overtime ame of the series. Detroit won

perb. Belfour turned away all but two of 47 shots; Vernon faced 26 shots.

"It's tough to get this far and not be able to go all the way;" said Chicago center Denis Savard, who scored a first-period goal. "The bottom line is to get W's and we didn't get them. They won, and they de-

Belfour, who hurried out of Joe Louis Arena without speaking to reporters, put on a virtuoso performance in the second period; despite giving up the goal that tied the score.

The Red Wings might have blown the game wide open had it not been for Belfour's spectacular play. The Red Wings outshot Chicago, 20-2, in the period, with five shots during a 1:40 span early on while they had a two-man advantage.

At 8:41, Belfour scrambled to get his glove on a shot by Keith Primeau just before it crossed the goal line. But his most speciacular save came at 10:54 when, stretched out to the limit, he dove through the air to his left to glove a shot by Fedorov that appeared to be going over the goal line.

"We couldn't believe the show he put on tonight," Detroit defenseman Paul Coffey

opportunity someday. I never. Wings, 18th shot of the period.

TUESDAY, JUNE 13, 1995

Red Wings Gain Rockets Flip to Warp Speed as They Zip Toward 2d Title Horry Steps Forward and Magic Drop Back to 0-3

By Richard Justice

HOUSTON - The Orlando Magic answered the questions about courage and character, about dealing with pressure and playing their best under the most difficult circumstances. All they failed to do was overcome the most remarkable basketball team in the world, the one that has taken the strangest route to a championship series and has shown again and again in the past month that it has its own endless reserves of courage and heart.

Hakeem Olajuwon and Clyde Drexler again played excellent games, but the Houston Rockets, who seem to find a different hero every five minutes, found another Sunday night in forward Robert Horry. His 3-pointer with the shot clock winding down and 14.1 seconds left in the game was the single biggest play that allowed the Rockets to defeat the Magic, 106-103, in Game 3 of the National Basketball Association's championship se-

Now leading this best-of-seveo series by 3-0, the Rockets will go for the clincher here Wednesday night. No NBA team has won a playoff series after trailing by 3-0. and if the Rockets don't get their second straight title in Game 4, they'll have another bome game on Friday in which to do it.

"11's oot over yet," said Orlando center Shaquille O'Neal, "We've gone down to the wire in all the games. We just have to get that first win and go from there. We can't

But Horry put the Magic on the brink of vacation on a night wheo both teams played at a high level. After losing two games at home last week, the Magic walked on to the court in front of a roaring, hostile audience and outplayed the Rockets for much of the game.

"Tonight's game was a tough one from beginning to end," Ola-juwon said, "It was a true cham-ton was the better team. pionship game. We were fortunate

The Rockets dida credible job on O'Neal, but he got 28 points and 10 rebounds. Anfernee Hardaway also played well, with 19 points and 14 assists, and Horace Grant got 18 points and 10 rebounds.

Bun unlike Houston, Orlando didn't get enough help from its supporting cast. Forward Dennis Scott got good shots for much of the game but missed 9 of 11. Nick Anderson was no better, going 4 for 10. Those two were 5 of 21 from 3point range.

Had Scott or Anderson played well, the Magic might have won. and they came close anyway. Then

NBA PLAYOFFS

again, the Rockets probably would have found another way to win. They had the sixth-best record in

of the regular season, haven't had the top of the key. Grant sprinted the home-court advantage in a sin-toward him, but Horry had time to off the NBA's three winningest ing with four seconds left on the regular-season teams — San An-shot clock and 14.1 seconds left in tonio, Utah and Phoenix — and are the game. a victory away from disposing of the fourth.

"I'm surprised," Olajuwon said, "but you have to believe some things are beyond human explanation. We will give teams oext year hope that the regular season record doesn't matter. If you play together as a team, you can do anything.

He led the Rockets with 31 points and 14 rebounds, while Drexler led a terrific fast-break game with 25 points, 13 rebounds and 7 assists. His ability to rebound and push the ball up the floor gave the Rockets a big edge in fast break points, 27-8. The Rockets also outrebounded the bigger Magic, 46-

Still it came down to a few plays, The first spectacular play came

and blessed to make the big shots at the end when it counts." from Drexler, who grabbed a miss by O'Neal and finished an end-toend break with a dazzling dunk that gave Houston a 98-94 lead with

> He was called for a delay-ofgame technical foul for inadvertently spiking the ball, and Scott's foul shot made it 98-95. But O'Neal missed a short hook that could have left Orlando only one down, and Drexler scored down low against Anderson to make it 100-95 with

Orlando answered with a 3pointer from Anderson, Horry made one of two free throws for a 101-98 lead with 47 seconds left. Gran1 made it 101-100 with 35.7 seconds left and the Rockets worked the 24-second shot clock down, then got the ball to Ola-

He was covered by O'Neal and the Western Conference at the end Hardaway and passed to Horry at gle playoff series and yet continue get the rainbow jumper off over the to win. They've already knocked oncoming outstretched hand, scor-

"I hesitated on a shot early in the eme, it messed up the flow of our offense," said Horry, who scored 11 of his 20 points in the fourth quarter, "Sam spoke to me and Dream (Olajuwon) spoke to me. One time he told me just to shoot the 3 because I was passing up shots and trying to penetrate and that isn't

From that point, Orlando needed a miracle, and almost got one when Anderson threw in a 31-footer to make it 105-103 with 2.7 seconds left. Houston inbounded the ball and the Magic fouled Cassell, wbo missed his first foul sbot, but sank the secood. The game ended with Hardaway missing a 3-pointer.

bappier with our team's play," said Orlando's coach, Brian Hill said. "Give credit to them."

Devils Take 3-2 Lead in East Lemieux Shot With Seconds Left Beats Flyers

By Alex Yannis

New York Times Service PHILADELPHIA — The New Jersey Devils' defense was back in top form, Martin Brodeur was again stopping the shots he was supposed to stop, and yet there were the Devils. less than a minute from overtime against a team that is undefeated in sudden-death

games during the playoffs. And just as it was beginning to appear that the potentially pivotal fifth game of the Eastem Conference final could come down to a lucky break, the

Devils created one. Claude Lemieux got to a loose puck in the Devils' zone, skated down the right flank and unleashed a shot the moment he entered the Flyers' zone. The puck rocketed toward the left side of the net and shot past Ron Hextall for the game-winning

goal with 44.2 seconds left. It gave the Devils a 3-2 triumph and sent them home to

Game 6 on Tuesday night needing just one victory to play in their first Stanley Cup final.

Devils have been in that posmon, mough. Last season, they went into Madison Square Garden and beat the New York Rangers in Game 5 to take a 3-2 lead in that best-of-seven series, only to lose Game 6 in New Jersey before bowing out in double overtime in the sev-

In the first two periods Sunday, the Devils redeemed themselves more than adequately for the two losses in New Jersey. They picked up where they left off when they won the first two games of the series at the Spectrum by dominating action be-

They limited the Flyers to four shots in each of the first two periods while taking 21 against Hextall, who started under the worst possible circum-

Byrne Meadowlands Arena for stances again by allowing a

It is not the first time the

fore the last session.

goal on the first shot he faced. This time it was John MacLean who beat Hextall, 3

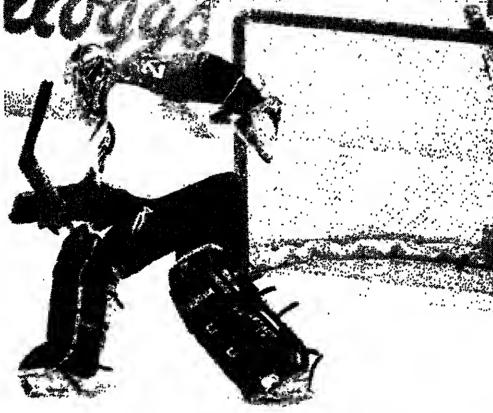
> opening faceoff. Kevin Dineen tied it for the Flyers with his first of two goals, when Dmitri Yushkevich's shot from high in the slot hit Dineen's left leg before it ricocheted behind Brodeur, who faced a total of 18 shots.

> minutes, 42 seconds after the

After Bobby Carpenter put the Devils ahead with his first in the playoffs with 2:43 left in the first, they held control until Dineen scored on the ninth shot in the game for the Flyers, 3:13 into the last period to tie the game.

The Flyers played the Devils on equal terms the rest of the way after Dineen's second goal, until Lemicux sent the Spectrum into total silence with his 10th of the playoffs.

"I should have stopped it," Hextall said. "I've got no ex-



Ron Hextall and his Flyers went down as Clande Lemieux's shot flew past.

SIDELINES

Janzen Win U.S. Golf Tournäment

POTOMAC, Maryland (AP) — Lee Janzen had the only bogey-free round of the afternoon, then made a 12-foot birdie putt on the first playoff hole Sunday to beat Corey Pavin in the Kemper Open. Pavin bogeyed the playoff hol

round peppered with bogeys and double-bogeys. For instance: Davis Love III missed getting into the playoff with bogey on No. 17 and double-bogey oo No. 18; Greg Norman fell from cootention with a double-bogey on No. 17, and Payne Stewart, who started the day one shot back, had two double-bogeys.

• The British bookmakers Ladbrokes made Norman the 9-1. favorite to win the U.S. Open that starts Thursday, with Nick Faldo and Nick Price both at 11-1.

For the Record

An IAAF arbitration panal bas upheld a four-year ban imposed on Dutch discus thrower Eric de Bruin, who tested positive for testosterone and a related drug in August 1993.

Sylvia Gerasch of Germany, former world champion, failed to persuade FINA to reduce her two-year drug ban and allow her to. defend her 100-breaststroke title at the European championships

Lindsey Nelson, 76, the sportscaster whose soothing voice and brazen sports jackets were fixtures for generations of U.S. baseball and college football fans, died in Atlanta of complications from Parkinson's disease and poeumonia.

Unotable

The Sydney Morning Herald, commenting on Australia's defeat in the Rugby World Cup: "They (the players) were forced to endure countless hurdles, with the Super League saga one of many major distractions as players became giddy and disorientated." coping with reports that they were about to sign for millions."

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O New York Times/Edited by Will Shortz.

Anfernee Hardaway missed, Sam Cassell buried him and the Rockets' coach, Rudy Tomjanovich, leaped to embrace a so-far unbeatable 3-0 series lead.

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Netherlands and Belgium to Host Euro 2000 Championships countries, following a study of documents and 15 in the Netherlands, according to:

NYON, Switzerland - The Netherlands and Belgium are set to be the first joint bosts of the European Championship soccer finals, in the year 2000.

UEFA's committee for the European Championships recommended late Sunday that the tournament he awarded to the two

from the two soccer associations. The venue for the 2000 tournament will

be confirmed by a meeting of UEFA's Executive Committee on July 14, according to a statement issued Monday by the organization's headquarters near Ceneva.

Euro 2000 would consist of 31 games in up to 10 stadiums, 16 to be held in Belgium

proposals submitted by UEFA. The opening game would be held at the King Baudouin stadium, now under construction in Brussels and which should bave

50,000 seats by 2000. It is being built on the remains of the doomed Heysel stadium. The final would be held in the Amsterdam

Arena, which is also under construction.

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A Christopher Threat

WASHINGTON—I final-ly met the person in charge of U.S. foreign policy in Bosnia. His name is Bob Miller, and he owns the Balkan Grill, if they don't release them he should send Warren Christo-pher to Casablanca. "What about American naval vessels?" which is three jogging blocks from the White House.

dent stops in for scrambled eggs fly over Macedonia.

ning, and I tell him what he should do.' Miller told me.

Which is? "Remain tough, carry a big stick and tell the Serbs if they don't stop picking ОΠ

Buchwald

U.N. peacekeepers the president will send Secretary of State Warren to send Larry King to see Sen-Christopher to Paris." to send Larry King to see Sen-ator Dole if all other negoti-'That's pretty powerful," I

admitted. Bob said, "I told the president

that he has to supply weapons to ask Warren Christopher to and ammunition to everyone in see the Joint Chiefs of Iceland. the area, but he must announce He wants Christopher to anthat he will not send American nounce a second front from Gls to man Croatian foxholes. 'Why nor?'

"Because of CNN. You can't have American boys fighting around Sarajevo if it's going to be covered by CNN. The public would never stand for it.

"If we don't have our own troops in the field, what can we do to persuade the Serbs to release the U.N. hostages? "I advised the president that

Lausanne: Olympic Gold

STOCKHOLM - The International Olympic Museum, based in the Swiss city of Lausanne, has won the Council of Europe's European Museum of the Year award, council offi-

"I urged the president to

send two nuclear carriers to Every morning the Presi- Dubrovnik and have our planes Will that make the Serbs listen to reason?" I asked Bob.

'We won't know until we try it. The president listens to everything I tell him. He even bought my idea of charging the Serbs with violations of the UN Charter, which meant that they would be banned from buying Marlboro cigarettes from the Free World.

"Does the president intend

ator Dole if all other negotiations fail?" 'Not now. He told me that if

things don't pick up. he's going there as long as American troops are not involved."

Miller explained that the secret of Clinton's foreign policy is that he has one for even days of the week and one for odd. This keeps everyone involved in the Balkan theater off balance.

'The president doesn't care how much his popularity falls in the polls as long as he can persuade people that he's doing he right thing."

"It sure sounds like it to me," I said. "But if it wasn't for you, I doubt that he could pull it off.

"I don't want to take credit for everything." Miller told me. But I did come up with the theory that the only way to win was to wage both an unconditional war and peace at the same

A Journey Through the Western Landscape

By Mel Gussow New York Times Service

NEW YORK — In his eye-open-ing new book, "Landscape and Memory," Simon Schama journeys through "the garden of the Western landscape imagination" while exploring the topograpby of cultural

A transplanted Englishman now death. rooted in American soil, Schama lives Circ with his wife and their two children 20 miles (32 kilometers) north of New York in a house overlooking the Hudson River. Having grown up in Lon-don, he also has an affinity for cities.

On a recent spring morning, he sauntered through Central Park, ruminating about his book and about varieties of Arcadia. He talks the same way he walks, impulsively but with an intuitive sense of direction. An observation is followed by encyclopedic asides. Undeterred by a with his customary ebullience (but he carried a fold-up umbrella).

"Landscape and Memory" began, he said, with a desire to probe "the scientious about protecting the forest

Anselm Kiefer: a bloody path through

From this starting point, the book moves back and forth in time and geography, from ancient Rome to Schama's family origins in Lithuania all the way to Mount Rushmore and the campaign to have Susan B. Anthony in granite next to the pres-

In various cultures, both classic and contemporary, the author studies myths and bow they relate to landscapes. Repeatedly, the subject of an idyllic, pastoral place, an Arcadia,

In the last chapter, he focuses briefly on Central Park, praising its designer, Frederick Law Olmsted, for his vision of a heroic urban Arcadia. could have a salad out of them.

For Schama, Central Park seems to encapsulate the double-sided nature of the Arcadian concept. The dreamlike version is, be said, "a place of effortless bucolic sweemess, where you can lie on your back and smell the grass while there's a faint noise of people hitting balls with bats." The nightmare version is "a slightly scary, sinister, dense place of sex and

Circling around the Metropolitan Museum of Art past groups of children playing on the grass, he talked about Olmsted and his collaborator, Calvert Vaux. From the beginning, their objective was to have both "tame and wild space, to get the rugged, fierce, luxuriant aspect of nature into the park, to have places where one could lose oneself." At the same time, Olmsted wanted to make it a place of "silence, peace and repose away from the ills and agues of With its tall trees, lush threat of rain in the air, he was filled foliage and flowers. Central Park was, at that moment, a beautiful place, with the scenic intensity of a

Turner landscape. Speaking about landscape, Schama painful relationship between German history and ecology," the fact that the Nazi regime could have been so conwhich signifies a kind of jurisdiction. It always meant the framing of an as illustrated in his book by In his book, Schama symbolizes Magritte's work "La Condition Huthe apparent contradiction with a gatefold reproduction of a painting by easel is superimposed over the actual

landscape.
"The word originally came from the Dutch and had to do with making pictures," he said. "From the earliest time, it has been loaded with wishful thinking. All the images we have of Yosemite are of Edenic places. You never see people in Ansel Adams photographs or Albert Bierstadt

When Schama is not writing or teaching at Columbia University, he ia often tending his garden. His wife, a geneticist, grows vegetables.

In "Landscape and Memory," he uses the word vegetable as a synonym for vegetation. "I suppose I call sequoia trees the biggest vegetables in the world," he admitted, "as if you



Musing about the topography of Arcadia, Simon Schama pauses on the Bow Bridge in Central Park.

While focusing on history and art, Schama's books have been widely diverse, from "The Embarrassment of Riches," a study of Dutch cultural history, to "Citizens," his revisionist iovestigation of the French Revolu-

His next book will be about Rembrandt. If he had writteo the book a dozen years ago as originally planned, it would, he said, have been about Rembrandt and history. But as he looked into the artist's life, he found that "all the things that are most extraordinary about him are almost entirely independent of historical process

He joked that he might have to call the book "Rembrandt and the Thickness of Paint."

The stroll through Central Park brought to mind Hampstead Heath, his childhood haven. Walking from his home, he would go through a manicured park inhabited by wallabies. From there, he would enter "a dense, wild and completely unculticism." As he talked about the places of his youth, he said, "I think the most intensely felt landscapes are the ones we walk through as a child."

lowing the downward path, he reached a small pond, with two ducks on the bank. "Hi, guys," he greeted them, and added, with a Groucho twinkle. "Why a duck?"

As he crossed Bow Bridge, he spoke about hermits: "Just below the lake, around the Belvedere, there was a cave but there was no residential tain, "Temperance, Purity, Health hermit. If you anditioned for a New and Peace: They're the point of the York hermit, there would be lines and lines of people applying. Around 1890 the cave was closed because undesirable people - not hermits were sleeping in it.

Schama recently did a five-part se- doors.

tivated region. The legends about ries based on his book for the BBC with the last film dealing with Ar-Spaniard's Inn added to the roman-cadia. It begins with a landscape that could be either England or haly: "Haze over the meadow, sheep nib. bliog grass. Then the camera pulls back. The first line you hear me show "Look," he said, coming to a fork in the road. "An environmentally correct bog, with beautiful wild buttercup in the middle of it." Following the desired and the said, coming to a fork in the most increase and the said, coming to a fork in the most increase and the said, coming to a fork in the most increase and the said, coming to a fork in the most increase and the said, coming to a fork in the most increase and the said, coming to a fork in the road. "An environmentally context beginning to a fork in the road." The this take you seem to be a fork in the road. "An environmentally context beginning to a fork in the road." The this take you seem to said, the said, coming to a fork in the road. "An environmentally context beginning to a fork in the road." The said, coming to a fork in the road. "An environmentally context bog, with beautiful wild buttered by the said of the said by the said of the said by The camera pans back and shows an abandoned tea party which has been

invaded by insects. Walking on, he reached the Bethesda Fountain, a quiet spot now but a gathering place for hippies in the 1960s. Schama named the four sculptural figures surrounding the founpark in the first place." As he reached the end of his walk, it began to drizzle. With his umbreila raised, he headed toward the Metropolitan Museum to continue his cultural explorations in-

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Latin America

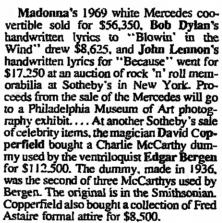
Singer Diana Ross caused a stir on Monday at Judaism's holiest site in Jerusalem when male photographers and bodyguards followed her into a section of the Western Wall reserved for women. Ross cut short her visit to the wall after being inundated by fans and the media. She had written a note to place in the wall where visitors traditionally leave prayers and wishes - but said she decided against leaving it because "someone will take it out of there." Ross is visiting Israel to perform at the opening of the Hapoel

Games, a sporting event held every four Courtney Love was hospitalized in Seattle for a possible drug overdose, and then released in satisfactory condition.

Speed (kpht

of the grunge band Nirvana, killed himself with a shotgun in 1994.

Love's husband, Kurt Cobain, lead singer



Hotel queen Leona Helmsley was orinstead, the Daily News reports. Helmsley instructed the domestic workers to do such chores as wrapping gifts to be given to patients at an Arizona hospital and stuffing thousands of envelopes for a charity drive, It's easier to avoid that issue." He will also the newspaper said, citing unidentified employees. She was released from a Connecticut prison in October 1993, and was put on three years' probation that included grandchild, has taken the first step toward

PEOPLE



Diana Ross at the Western Wall, before the onslaught of celebrity-gazers.

250 bours of community service a year. becoming a Royal Marine. The 17-year-old then asked how long it took to wrap each Sylvester Stallone and the actress Angie Everhardt have called off their wedding. "No reason is being given, but it's official. It's off," Stallone's publicist,
Paul Bloch, said. The couple announced

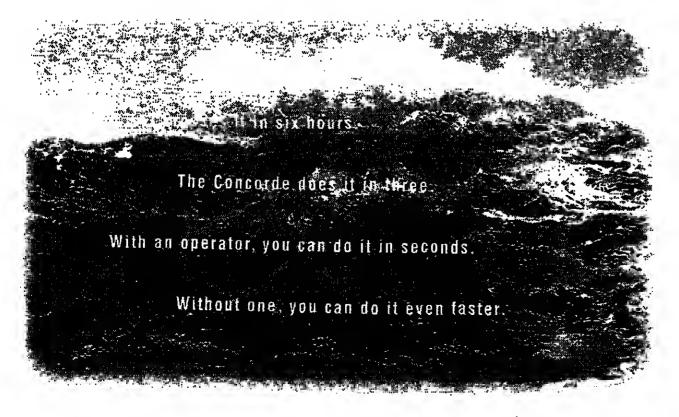
their engagement in April. Prince Edward, Queen Elizabeth's edy. "I'm a storyteller," he said. "And youngest son, launched his career as a teledered to perform community service to vision producer on Monday with a docfinish her tax-evasion sentence - but her umentary on the little-known 16th-century employees say she made them do the work sport of real tennis. He has dropped his title and is known as plain Edward Windsor,

One employee was quoted as saying that will spend two days this summer at the she referred to the work "as her com-munity service. She laughed about it" — uated. His grandfather, Prince Philip, as captain general of the Corps, was reportedly very upset when Prince Edward quit during basic training in 1987.

Bill Cosby says there's a simple reason

why he's been host of the Playboy Jazz Festival 17 years in a row: "I do it to get a free seat." The comedian is master of ceremonies, cheerleader and coach for the Hollywood Bowl event next weekend. Cosby grew up listening to jazz and says the music influenced his direction in comessentially that's what happens with jazz, with me and the music."

The South African-born author Bryce Courtney has been honored by his adopted country, Australia. Courtney, who wrote the best-selling novel "The Power of One" about the racial problems of his homeland, was appointed a member of the Order of Australia on Monday. He emigrated to Australia almost four decades ago.



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